



By DAVID HOROVITZ

Jerusalem Post Correspondent
LONDON. — Prince Philip could become the first member of Britain's royal family to visit Israel, if he attends the re-burial of his mother, Princess Alice of Greece, in a tomb of the Church of St. Mary Magdalene in Jerusalem.

A Buckingham Palace spokesman confirmed yesterday that Princess Alice — who died 18 years ago — is to be finally laid to rest in the cemetery of the church, in accordance with her dying wishes.

"It is, however, too early yet to say which members of the royal family, if any, will attend the ceremony," said the spokesman. "There is no precedent for a ceremony of this kind."

Britain's Prince Philip may come for his mother's reinterment

A royal funeral for Jerusalem?

But the spokesman did not rule out Prince Philip — or even the queen — attending the burial, and he took note of the long-standing invitation to the queen and Philip to visit Israel, issued by President Herzog during his state visit two summers ago.

It was Alice's last wish to be interred near her aunt Elizabeth, cousin of the last tsar of imperial

Russia, in the Church of St. Mary Magdalene.

According to Buckingham Palace, "the problem has been that the princess was Greek Orthodox, while Elizabeth belonged to the White Russian order. The church is White Russian, and agreement had to be reached with both sides."

Since her death at age 84 in 1969, the remains of Alice (an elder sister

of Earl Mountbatten of Burma) have lain in a vault in St. George's Chapel, Windsor, awaiting transfer to a permanent resting place.

One problem that might prevent Philip attending the burial is that Britain does not recognize Israeli sovereignty over all of Jerusalem, and still acknowledges Jordanian sovereignty over territory occupied since the Six Day War.

The *Daily Mail*, which first reported that agreement had been reached for Alice's burial in Jerusalem, stated yesterday that the ceremony might still be some time away, since a tomb has yet to be designed.

Asher Wallfish and Abraham Rabinovich add: Princess Alice met the Russian Princess Elizabeth a number of times in the course of the

social contacts enjoyed by the royal families of Europe, who are all connected by blood or marriage. Alice and Elizabeth are said to have made a mutual vow to be buried alongside each other.

Alice, for many years a nun in the Greek Orthodox Church, made known her aspiration to be buried in Jerusalem to her superiors and to the House of Windsor before her death.

However, in the situation following the Six Day War, the matter was left in abeyance.

The Anglican Church in this country said it was not involved in the question of transferring the princess's remains. However, the Church of England has responsibility for the burial of all members of the royal family in Britain.

The matter was discussed in contacts between the Church of England and the Greek Orthodox Church as long ago as 1982, according to a source in the Greek Orthodox Patriarchate in Jerusalem. The patriarchate said that until Buckingham Palace came out with a statement, it would have nothing to add.

The head of the White Russian (Continued on Page 2, Col. 7)

North
fingers
Israel

By DAVID MAKOVSKY

Jerusalem Post Correspondent
WASHINGTON. — In forceful testimony before the House and Senate Iran-Contra committee, Lt.-Col. Oliver North said yesterday that the U.S. assumed that the mysterious Iranian middleman for arms sales, Manucher Ghorbanifar, was "an Israeli intelligence agent." North therefore believed that the original offer of Ghorbanifar to divert profits of the arms sales to the Nicaraguan rebels was made on "behalf of Israeli intelligence, if not the Israeli government."

If true, North's statement would flatly contradict Israeli government statements that it knew nothing of the diversion of funds to the Contras.

North also said that Prime Minister Peres's adviser on counter-terror, Amiram Nir, wanted profits of the Iranian arms to support "other activities," which North said were "too sensitive to divulge publicly." Columnist Jack Anderson and other writers have said that Nir wanted funds to go to joint U.S.-Israeli counter-terrorism intelligence efforts in Europe.

The second day of North's testimony was full of revelations. He said the kidnapped station head of the CIA in Lebanon, William Buckley, wrote a 1,400-page confession of CIA activities during his torture, before being killed by his Iranian-



Amin Tarif, spiritual leader of Israel's Druse, at yesterday's meeting in Jerusalem with Vice Premier Peres and Agriculture Minister Nehamkin.

Meron Reserve land freed for cultivation

Victory for Druse

By BERNARD JOSEPHS
and DAVID RUDGE

Jerusalem Post Reporters

Druse villagers who fought a pitched battle against police and Nature Reserves officials to stop them dismantling an illegal encampment were celebrating victory last night after meeting with Vice Premier Peres and other government ministers.

But as the villagers of Beit Jann declared their struggle over, the deal they worked with Peres was condemned as a "prize for violence." And police investigators were examining photos taken during Monday's riot in order to identify the ringleaders.

Twenty-three police officers and two Nature Reserve Authority rangers were injured during the fighting when villagers, some armed with knives and chains, assaulted them as they removed tents and other equipment from the site in the Mount Meron Nature Reserve. Twenty vehicles belonging to the NRA and the police were also wrecked.

The Druse said six of their people were hurt in the violence which exploded over their loss of land to the nature reserve.

Border Police last night remained

in the area of Beit Jann. And the encampment, built as a protest, was still manned by local people.

A delegation of Druse, led by the community's spiritual leader, Sheikh Amin Tarif, held talks at the Knesset with Peres yesterday. Also at the meeting were Agriculture Minister Arye Nehamkin, Police Minister Haim Bar-Lev, Energy Minister Moshe Shahal and Minister-without-Portfolio Ezer Weizman.

After several hours of discussion a two-stage agreement was worked out that the Druse said satisfied all their demands.

Under the terms of the deal Nehamkin will issue an order within two weeks to allow the villagers to cultivate their land, which has been part of the nature reserve since 1965.

Then Peres will present legislation to the Knesset to return the areas involved to their former owners.

The head of Beit Jann's local council, Shafik Asad, said after the meeting: "This affair is now over. The agreement will allow us to free our land and that has been our aim all along."

Local councillor Samir Wahbeh stressed that the battle had not been

Aipac pressing for more
sanctions against Pretoria

By BENNY MORRIS

Post Diplomatic Correspondent

Visiting leaders of Aipac, the pro-Israel lobby in Washington, last week urged Prime Minister Shamir to support the imposition by Israel of further sanctions on South Africa, informed sources told *The Jerusalem Post* yesterday.

Aipac leaders Tom Dine and Bob Asher said at their meeting with Shamir last Friday it was "important" that Israel take further steps against South Africa in line with the American and Western European sanctions policy against the apartheid regime.

The subject of further Israeli sanctions against Pretoria was not discussed at yesterday's inner cabinet meeting, which was abruptly wound up by the prime minister without any reference to the problem. The subject was on the agenda and is likely to come up at next week's inner

cabinet meeting.

There was speculation yesterday in Jerusalem that the postponement of the debate was caused at least in part by pressures from the South African embassy. Despite the explicit denials it issued on Tuesday, the embassy is believed to have been responsible for Israeli press reports earlier this week that considerably exaggerated the measures that are being recommended.

The Foreign Ministry has been swamped during the past few days by "hysterical" calls and letters from leading Israeli industrialists with business links with South Africa protesting against the proposed measures, ministry sources said yesterday.

The measures, which have been described by well-placed sources as "mainly symbolic and declarative," were proposed by a five-man team (Continued on Page 2, Col. 7)

After defeat of two bills on conversion

Religious parties prepare
for new battle next weekBy MENACHEM SHALEV
and ASHER WALLFISH

Jerusalem Post Reporters

Undaunted by their setback in the Knesset yesterday, the religious parties have decided to press on next week with their battle against non-Orthodox conversions by tabling yet another version of the Who's a Jew bill — this time in the form of an amendment to the Rabbinical Courts Adjudication Law.

If that proposal fails to pass its preliminary reading, Shas is expected to join the right-wing Tehiya party in threatening to back Labour's drive for early elections.

However, members of the Likud, Tehiya and the religious parties have said privately during the past few days that if faced by a definite majority which favours elections, Prime Minister Shamir will prefer to opt for a narrow coalition. Recent calculations show that a Likud government without the Alignment could enjoy the support of 61 MKs, excluding Meir Kahane.

The Likud lost face yesterday when it failed to deliver the votes it had promised Shas and the other Orthodox factions on three private members' bills to deal with the issue of non-Orthodox conversions.

Likud sources said last night that they would exert strong pressure on Minister Yigal Hurvitz — whose agreement with the Likud still needs to be approved by the party's institutions — and on Liberal MK Sara Doron to vote for the new proposal. Such a change, coupled with possible Likud concessions to Shinui MK Zaidan Atsche and pressure on Tehiya MK Rafael Eitan, might secure a Knesset majority for the Rabbinical Courts bill.

Shas decided yesterday to hold off on open confrontations with the Likud, pending the outcome of the Rabbinical Courts law, first tabled by the three Shas MKs in July 1985. The proposal would extend the religious tribunals' current exclusive jurisdiction over matters of divorce and marriage to include approval of all conversions.

Shas leader Yitzhak Peretz only returned to the cabinet in May, as minister-without-portfolio, after Shamir committed his party to "do all in its power" to push through the proposed amendment to the Change of Religious Communities Ordinance.

Peretz can remain where he is as minister-without-portfolio on the premise that Shamir did his best; but unless the law is changed he cannot agree to head the Interior Ministry again, which he quit when he refused (at the beginning of the year) to obey the High Court order to register Reform convert Shoshana Miller as Jewish.

In the Likud, the disgrace of losing the vote has led to an inquest against three MKs who did not vote for the Shas proposal: two of them Likud members, Sara Doron and Elihu Ben-Elissar, and the third, Hurvitz, who was recently promised two safe seats in the next Likud election list.

(Continued on Page 2, Col. 1)

Delight
among
U.S. Jews

By WALTER RUBY

Jerusalem Post Correspondent

NEW YORK. — Leaders of Reform and Conservative Jewry in the U.S. expressed satisfaction over the Knesset vote on the Who's a Jew law; their satisfaction was compounded by exultation over the result of elections to the American delegation to the upcoming World Zionist Congress, which showed massive gains for their states.

Meanwhile, Louis Bernstein, a leader of American Orthodox, criticized Israeli Orthodox parties for bringing the Who's a Jew motion to a Knesset vote before being assured of majority support.

Bernstein said he was also considering taking legal action against a decision by the Area Elections Committee of the American Zionist Federation to strip the Religious Zionist Movement (RZM) of 13 of the 27 seats it won in the election because of alleged misrepresentation of its membership.

The results of the election of 152 American delegates to the World Zionist Congress showed large gains by Arza (Reform) and Mercatz (Conservative) at the expense of non-ideological lists such as the Confederation (including Hadasah) and the Zionist Organization of America.

Arza, with 33 delegates (up from 14) and Mercatz, with 20 (up from zero) will now outnumber the Confederation, long the largest list, which dropped from 70 to 48. The Labour Zionist Alliance went up from 13 delegates in the last election to 15, while Herut dropped from 13 to 9.

Americans for a Progressive Israel (API) received only one mandate (three of its four mandates were stripped because of its use of gift

(Continued on back page)



Shas's Yitzhak Peretz lashes out at Mapam's Eliezer Granot in the Knesset yesterday.

(Feinblatt/Media)

'Anti-Semite!'

Jerusalem Post Reporter

"Anti-Semite, liar, enemy of the Jewish people," shouted Shas leader Yitzhak Peretz at Mapam's Eliezer Granot yesterday, as Granot was introducing a proposal to allow Reform and Conservative Jews in Israel to go to their own rabbis on matters of personal status.

Granot retorted that he was making his proposal because of the way Ethiopian immigrants had been "degraded and humiliated" by the religious establishment, causing several suicides.

Peretz continued shouting abuse at Granot for what he termed his "attack on Judaism." But Granot replied that he was "as much of a Jew" as Peretz, and told him: "You don't represent all Judaism, and you are not in charge of Judaism." Granot's proposal was voted down.

Later Peretz told Israel Radio that he stood by every word he had said to Granot.

SLA soldier killed in clash

Jerusalem Post Reporter

ROSH HANIKRA. — A South Lebanese Army soldier was killed and another slightly wounded in a gunfight with Shi'ite extremists near Barashit along the northern border of the security zone in South Lebanon, yesterday afternoon, SLA sources reported.

At least two of the gunmen, whose affiliation is still unclear, were killed in the clash. The remainder of the squad fled from the scene.

Israeli defence sources noted that it was the second time in less than a week that SLA troops had prevented a terrorist infiltration.

Waldheim
invited
to Bonn

VIENNA (Reuters). — President Richard von Weizsäcker has invited Austrian President Kurt Waldheim to visit West Germany. Foreign Minister Alois Mock disclosed yesterday.

Weizsäcker proposed a "neighbourly meeting," according to Mock. Though such an official meeting would not rank as a state visit, the invitation is the first extended to Waldheim by a Western head of state to have been made public.

The former UN chief has been widely ostracized by the West since allegations in March last year linking him with war crimes in the Balkans during World War II. In April, the U.S. placed him on its "watch list" of undesirable aliens because of suspicion over his war record.

News of the invitation came when Mock was answering journalists' questions after talks with Soviet Prime Minister Nikolai Ryzhkov, who yesterday began a four-day visit to Austria.

Mock said that he did not believe Ryzhkov had brought with him an invitation for Waldheim to visit the Soviet Union but that the Austrian head of state, who took office exactly a year ago, "had enough invitations for 18 months."

Waldheim, who followed his first trip abroad to the Vatican last month with a visit to Jordan last week, has been invited to Iran, Iraq, Syria, Libya, Egypt, the United Arab Emirates, Uganda, and Hungary.

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on his Israeli tour

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CHICAGO	21-28	22-29	23-30	24-31	25-32
COPENHAGEN	17-23	18-24	19-25	20-26	21-27
FRANKFURT	17-23	18-24	19-25	20-26	21-27
GOSNIA	17-23	18-24	19-25	20-26	21-27
HELSINKI	17-23	18-24	19-25	20-26	21-27
KONGONG	17-23	18-24	19-25	20-26	21-27
JOHANNESBURG	17-23	18-24	19-25	20-26	21-27
LONDON	17-23	18-24	19-25	20-26	21-27
MADRID	17-23	18-24	19-25	20-26	21-27
MONTREAL	17-23	18-24	19-25	20-26	21-27
NEW YORK	17-23	18-24	19-25	20-26	21-27
OSLO	17-23	18-24	19-25	20-26	21-27
PARIS	17-23	18-24	19-25	20-26	21-27
RIO DE JANEIRO	17-23	18-24	19-25	20-26	21-27
SAO PAULO	17-23	18-24	19-25	20-26	21-27
STOCKHOLM	17-23	18-24	19-25	20-26	21-27
TOKYO	17-23	18-24	19-25	20-26	21-27
TORONTO	17-23	18-24	19-25	20-26	21-27
VIENNA	17-23	18-24	19-25	20-26	21-27
ZURICH	17-23	18-24	19-25	20-26	21-27

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THE WEATHER

	Yesterday's	Yesterday's	Today's
	Temp.	Min-Max	Max
Jerusalem	51	17-26	28
Golan	48	17-28	30
Nahariya	91	—	31
Safed	92	—	31
Haifa Port	91	—	31
Tiberias	38	23-34	36
Nazareth	45	20-30	32
Afula	46	19-28	30
Shomron	49	23-28	29
Tel Aviv	59	23-28	29
B-G Airport	56	21-29	31
Jericho	42	22-34	37
Gaza	63	22-28	29
Beersheba	37	20-31	37
Eilat	19	25-38	40

SOCIAL & PERSONAL

Abba Eban was elected this month to membership of the American Academy of Political Science.

Birth

BIRTH. — Narunsky, to Dina and David, on July 7 in Tel Aviv, a son, a brother to Daniel and Lian, grandson to Essie Narunsky and George Azari, great-grandson to Morris Shapiro of South Africa.

Rabin and Nissim may team up against Shamir-Peres on Lavi

Jerusalem Post Reporter
Finance Minister Moshe Nissim and Defence Minister Yitzhak Rabin may present the cabinet with a joint proposal to scrap the Lavi jetfighter project, a move which would put them on a collision course with Prime Minister Shamir and Vice Premier Peres.

The finance minister declared last night in an interview on Israel Television that he and Rabin are weighing a proposal for the cabinet to cancel the Lavi.

He also expressed the hope that Peres and Shamir would eventually support the proposal to scrap the project, which he said was detrimental to the country's security and its economy. In that case the cabinet would be making a wiser choice.

Nissim rejected the proposal put forward by the Israeli Aircraft Industries to produce only 75 planes over a longer time period than originally planned. He said that even this proposal was \$2 billion costlier than the purchase of an equivalent number of F-16s from the

U.S. The minister said the money that would be saved by scrapping the Lavi could be used to develop weapons systems that the IDF would need in the future.

These declarations by Nissim put him in direct conflict with Shamir, who supports a compromise on the Lavi.

Post Defence Reporter adds:
The cabinet's next debate on the Lavi will probably be held only in 10 days time to give IAI a chance to come up with a revised plan.

Originally, the defence establishment estimated it would require at least \$50m-\$70m. more, every year until 1992, to complete the Lavi programme.

Now Shamir has challenged IAI to prove it can produce the planes while cutting the costs, leaving enough money for other projects the IDF wants while retaining the plane's capabilities and producing the aircraft according to the original schedule.

Special bureau to check jails

By JONATHAN KARP
RAMLE. — The Prisons Service is to establish a special bureau to oversee the installations holding security prisoners. Commissioner David Maimon said yesterday during a visit

to Ma'asiyahu prison.

Maimon said that new "headquarters" would be solely responsible for all the prisons that hold terrorists, thus ensuring better and more uniform control over them.

Explosive defused

LOD. — A police sapper yesterday defused an explosive device concealed in a plastic bag at the central bus station here. The device was found under a bench at the Rishon LeZion platform. (Itm)

RELIGIOUS

Likud whip Yehoshua Matza has formally asked the Likud executive to punish the three defectors. Dvora should be deposed as faction chairman, he wrote. Sanctions should be imposed on Ben-Elissar. Hurvitz "would betray the Likud again and again if he got off scot-free." Matza warned his executive.

Dvora was present in the chamber and voted against the Shas measure. Hurvitz and Ben-Elissar simply stayed away during the vote.

The only one of the three who reacted was Dvora, who said the Likud always gave the Liberal wing a free vote on religious issues, on grounds of conscience.

Dvora held a wad of cables in her hand yesterday, from Jewish bodies in the Diaspora, buttressing her in her stand against religious coercion. She told *The Jerusalem Post* that Minister-without-Portfolio Moshe Arens, of the Likud's Herut wing, gave her a kiss after the vote, with an

admirable glance.

"Aren's knows what the issue means to world Jewry. If my parliamentary career is to be destroyed like the careers of other Liberals before me, then I am ready to take that risk," she said. "In public life you cannot take a stand and not run risks."

U.S. Jewish organizations sent urgent messages during the past few days to Shamir and to Foreign Minister Peres, warning them that the passage of the bills would seriously damage Israel's relations with U.S. Jewry.

In a comment to *The Post* after the vote, Rabbi Richard Hirsch, executive director of the World Union of Progressive Judaism, said: "The defeat of the bills has once again proved that many MKs recognize this issue as one which cannot be deliberated without taking the position of Diaspora Jewry into account."

Mazal Tov and Best Wishes
Dr. HYLTON and JUDY MILLER
Happy 25th wedding anniversary
"May the silver turn to gold"
Your parents:
Jack and Lena Miller (South Africa)
Your children:
Eliezer, Avi, Nechama, Michal
Your brothers and sisters:
Arnold and Selma (U.S.A.)
Brenda and Gerald
Ralph and Brenda
Ziona (South Africa)
Mervyn and Iris
Bryna and Sheik (Australia)
and all their children

Liberal MK Dan Tichon, who voted against the "Who's a Jew" law but voted for the Shas proposal, said: "I admit that I do feel a tiny bit ashamed of myself for supporting Shas, against my conscience."

Avner Shaki (National Religious Party): "We are nearing our goal. Fifty-one MKs supported the Who's a Jew amendment to the Law of Return last year; this year we would have had 54 if Kahane had not been barred from voting. In 1970, when we first raised the proposal, we had only 22 supporters. Six Arabs voted against the bill, which, when taken together with the Labour MKs who were forced to vote against their consciences, means that the majority of the Jewish MKs now support the amendment."

Yosef Burg (National Religious Party): "The vote proves that the religious parties cannot rely on the secular parties to push our measures through. Look at Tebiya. Its religious voters got a secularist like Rafael Eitan into the Knesset, and he voted against both conversion proposals."

David Magen (Likud): "The Likud is crumbling and disorganizing. All sorts of unreliable people are taking refuge behind the skirts of freedom of conscience."

Avraham Shapira (Agudat Yisrael): "The Likud makes promises to the religious factions but lacks the strength to keep those promises. The Likud has no discipline and therefore is not really a faction. The Alignment is the place where they have discipline."

Contrary to the lessons drawn by Shapira from yesterday's vote, Peretz vented his wrath on Labour's "absurd and unfair" refusal to allow its members to vote according to their consciences. He said that Labour was becoming increasingly "leftist" and "anti-religious."

Water scheme worries Peres

By BENNY MORRIS and JOEL GREENBERG
Foreign Minister Peres is "concerned" about a major Israeli water-drilling scheme in the West Bank, and has set in train an inquiry into its purpose and likely consequences, informed sources said yesterday.

The plan to pump water near Bethlehem, mostly to Jerusalem and Jewish settlements, has brought strong Palestinian protests and expressions of concern from senior officials as well as Egypt and Jordan, which plans to raise the issue at the UN. Sources close to the project have said it could deplete wells serving Arab communities in the Bethlehem region.

Peres has repeatedly posited the "improvement of the quality of life" of the Arab population of the territories as one of the aims of the government, and "is



Mothers who demonstrated in Jerusalem yesterday in support of the Peres peace initiative express their approval of the foreign minister. (Rahamin Israeli)

Storm over Shamir's vote on clemency

By ASHER WALLKISH
Post Knesset Correspondent
The Mapam and Progressive List for Peace Knesset factions yesterday tabled motions of no confidence in the government, in the wake of Prime Minister Shamir's vote for the bill to grant clemency to the members of the Jewish terrorist underground who are still in prison. The bill was not passed.

The Mapam statement accused Shamir of "seeking to confer legitimacy upon terrorists for the sole reason that they are Jews." It said that after the terrorists had been sentenced by due process of law, it was an offence to the rule of law to call for the sentences to be swept away.

In the same vein, but more aggressively, Yossi Sarid (Citizens Rights Movement) put out a statement saying that Shamir's vote proved it was "improper for a terrorist to be prime minister."

The Progressive List for Peace issued a statement warning Foreign Minister Peres that, by staying with Shamir in the same coalition, he would share some of the blame for Shamir's advocacy of clemency for terrorists. The faction said darkly: "Shamir's past contains quite a long list of innocent victims."

Gaula Cohen (Tebiya) told reporters: "Shamir's support for clemency, in defiance of the stand of Justice Minister Avraham Shari, indicates his awareness that the government should never have freed over 1,000 terrorists in the last big prisoner exchange."

The Justice Ministry is soon to begin examining the files of criminals serving time in the country's jails with a view to granting individuals pardon or remission of sentence in celebration of the 40th anniversary of the state independence.

This was a key item in the report of his ministry given yesterday in the Knesset plenum by Justice Minister Avraham Shari, who made it clear he would consider individual cases on their merits.

5,000 women mass for peace

By ANDY COURT
While the battle over "Who's a Jew" raged in the Knesset yesterday, about 5,000 Jewish and Arab women gathered in the park across the street to voice their support for peace.

"Mothers have courage to make peace," read posters on trees throughout the Wohl Rose Garden. The women, who have large families and low incomes, had just spent a week at special camps run by Na'amat, the Histadrut's women's organization where they had a summer vacation they could otherwise not afford. The

programme is funded by Na'amat and the Labour Ministry.

The purpose of yesterday's gathering was to voice support for Foreign Minister Peres's peace initiative, according to Na'amat spokesperson Orna Biber.

"Abroad, we lived in peace with the Arabs, and here too we want to live in peace," said Dalia Saba from Lod. About 500 Arab and Druse women participated in the event.

Peres, who had been scheduled to address the gathering, arrived after most of the women had left.

Closer relations with Hungary seen as a signal from Moscow

Post Diplomatic Correspondent and agencies
Hungary aims to establish partial diplomatic links with Israel along the lines of low-level ties already existing between Israel and Poland, a senior Hungarian source said in Vienna yesterday.

FUNERAL

Church in Jerusalem, which owns the St. Mary Magdalene Church said yesterday that he had heard of the reported re-burial only from the press. "We have had nothing on this from any official source," said Archimandrite Vladimir de Skalon.

Israeli officials dealing with church affairs said they had heard nothing about it. The British embassy in Tel Aviv and British consulate in East Jerusalem were also still in the dark about any re-burial plans or possible royal visit.

If Alice is reburied in the church adjoining Gethsemane at the foot of the Mount of Olives, she will be joining other royalty.

The onion-domed church, one of the landmarks of Jerusalem, contains the remains of Grand Duchess Elizabeth Feodorovna, granddaughter of Queen Victoria and sister-in-law of the last Russian tsar. She was killed together with her faithful servant, a nun, by being thrown down a mine shaft. The site was captured by White Russian troops three months later and the bodies were found well preserved in the deep shaft.

The bodies were shipped through Siberia at the time of revolutionary turmoil to China, from where a British naval vessel carried them to Palestine. The British high commissioner attended their burial in the crypt of St. Mary Magdalene Church in 1920.

Five years ago, the White Russian church decided to canonize the duchess and the nun and their remains were placed for viewing inside the church entrance. Church officials found a small wooden cross in the duchess's coffin of the kind normally worn by nuns, suggesting that she had secretly taken vows. She had visited Jerusalem in 1888 to attend the church's dedication and indicated then that she would like to be buried there.



Egyptian President Hosni Mubarak arrives yesterday in Geneva with his wife, Suzanne. (Reuters)

Mubarak, Peres to promote peace

Post Diplomatic Correspondent and agencies
Vice Premier Peres is due to meet today in Geneva with Egyptian President Hosni Mubarak to review the state of the peace process.

Western diplomatic sources said the meeting would take place this afternoon at the hillside Intercontinental Hotel overlooking Lake Geneva, where Mubarak is staying.

Western diplomatic sources said yesterday that U.S. Assistant Secretary of State Richard Murphy had talks with Mubarak in the Egyptian president's hotel suite.

Though spokesmen for both sides declined to confirm there was a meeting, the sources said they had exchanged views on a peace conference. Murphy also briefed Mubarak on his talks earlier this week in Geneva with his Soviet counterpart Vladimir Poyakov. Sources in Jerusalem yesterday denied that during his stay in Geneva Peres will be meeting with Poyakov.

The sources said that "nothing concrete" is expected to come out of the Peres-Mubarak meeting, and that the only possible field of progress in the peace process relates to clarifications about Soviet views on participation in the peace conference.

Mubarak yesterday told reporters in Geneva that he will be meeting Peres, but added: "I cannot tell you in advance what we will be speaking about."

On his departure from Yugoslavia for Geneva, Mubarak repeated his calls for a conference, to include all parties involved in the conflict. He said Egypt would intensify its contacts over the next few weeks with all the parties involved and would seek some degree of unity before calling a conference.

Both Mubarak and Peres are attending the UN Conference on Trade and Development in Geneva.

Reports from Arab capitals yesterday indicated that PLO chief Yasser Arafat also intends to fly today to Geneva, but Egyptian officials denied that Mubarak would meet with him.

In Moscow, a top Soviet spokesman yesterday reiterated Soviet commitment to a Mideast political solution that would answer the legitimate needs of all sides.

The director of the Soviet press agency Novosti, responding to an Israeli reporter, said the agreement must be acceptable to all, including Israel. He made no mention of the PLO.

Beit Din to discuss Nakash case on Monday

Jerusalem Post Staff
The Jerusalem Rabbinical Court will discuss on Monday the State's request that it cancel its order prohibiting William Nakash from leaving the country. Nakash, convicted in France for murder, has been ordered extradited to that country by Justice Minister Avraham Shari. But Nakash cannot leave while the rabbinical court order connected with his marital status is in force.

Attorney-General Yosef Harish has asked the court to lift its ban so that the justice minister's order can be carried out. If the court delays its decision after August 6, the attorney-general will have to apply to the Supreme Court again to extend the extradition order.

Meanwhile Minister-without-Portfolio Yitzhak Peretz has changed his mind about going to France to plead against Nakash's extradition. Transport Minister Haim Corfu told the Knesset yesterday that Peretz had decided not to go, after consultations with the Foreign Ministry.

Michel Zlotowski reports from Paris:
A spokesman of French Prime Minister Jacques Chirac denied last night that the premier would be meeting Peretz.

The spokesman told *The Jerusalem Post* that Peretz had asked "for a private interview with a member of the French government," but he refused to be more specific.

The spokesman also said he was "amazed" by the fact that the requested meeting had been publicized by Peretz.

AIPAC

(Continued from Page One)
set up by an inner cabinet decision last March and headed by Foreign Ministry political director-general Yossi Beilin. Among the 13 points proposed in the sanctions document are the complete stoppage of all cultural and sports ties with South Africa, the cessation of visits to Pretoria by Israeli officials, and the cessation of the import of Krugerrands. The curtailment of the import of coal from South Africa is not among the proposals.

At that March meeting, the inner cabinet decided that Israel would not sign new, or renew, defence contracts with Pretoria but would continue to honour existing contracts.

An aide of Beilin's a week ago "reported in general terms" on 11 of the 13 points to South African Ambassador David de Villiers du Buisson, and these subsequently appeared in exaggerated form in a local newspaper report.

De Buisson responded to the recommendations by saying that it was inconceivable that Israel, "a longstanding friend of South Africa, would do such a thing (that is, impose further sanctions)," and that the imposition of these sanctions would be noted by the right-wing in South Africa and might affect its attitude towards South African Jewry.

In very deep sorrow, we announce the death of
Eng. JOSEF KARO WEISLITZER
The funeral will take place today, Thursday, July 9, 1987, at 2 p.m. at the new Kfar Samir cemetery, Haifa.
Wife, Edith
15a Vilkin, Haifa
Son, Michael and Family
Kibbutz Lehavot Habashan

Weizsaecker announces: New chapter in Soviet-Bonn relations

MOSCOW (AFP). — West Germany's relations with the Soviet Union are set to "open a new chapter" following an official visit to Moscow by West German President Richard von Weizsaecker, the president told a news conference here yesterday.

Reviewing three days of talks here with Soviet leaders, von Weizsaecker confirmed that he had renewed an invitation to General Secretary Mikhail Gorbachev to visit Bonn, and also invited President Andrei Gromyko to West Germany.

He said "we did not discuss dates" for a Gorbachev visit, but in the framework of enhancing relations between the two countries "such subjects could be put on the agenda in the foreseeable future" following a scheduled visit to West Germany by Soviet Foreign Minister Eduard Shevardnadze in the autumn.

He said that "not one single direct or indirect reference was made" by his Soviet hosts to comments by Chancellor Helmut Kohl last October comparing Gorbachev to the Nazi propagandist Josef Goebbels. "Our talks were inspired by the intention of looking forward," he said.

But the president commented that he had been surprised by censorship in Tuesday's *Pravda* of two important passages in a speech he had delivered at a Kremlin dinner on Monday night hosted by Gromyko.

The passages notably concerned his allusions to German reunification, and an appeal for Soviet-born ethnic West Germans to be allowed to return to their ancestral homeland. Other passages with less significance were also removed from the published version, in an apparent effort to balance the length of the text against Gromyko's speech.

Von Weizsaecker refused comment on the case of the West-German youth held in Lefortovo prison here since landing a light plane on Red Square on May 28.

"Any public comments made by me would not be helpful and therefore I will refrain from making them," he said. Novosti news agency chief Valentin Falin, a former ambassador to Bonn, told West German reporters yesterday that a solution could be found to the Mathias Rust case "in hours or days."

On the plight of Soviet-born ethnic West Ger-

mans in the Soviet Union, the president said he was "very appreciative" of Soviet efforts to allow those who wished to visit West Germany or emigrate to do so. He said he was "grateful that that should be continued."

According to West German diplomats, last month a record number of 1,171 ethnic Germans born in the Soviet Union were allowed to join their families in West Germany.

Some two million Soviet-born West Germans live in the Soviet Union, most descended from settlers and artisans who worked for Catherine the Great. Many were deported from Kazakhstan by Stalin in 1941 as Nazi troops advanced into Soviet territory.

Von Weizsaecker said that disarmament and security issues had figured "very prominently" in his two-and-a-half hours of talks with Gorbachev, and also with Gromyko.

Von Weizsaecker was scheduled last night to meet Soviet physicist Andrei Sakharov. After his press conference the president went for a walk on Arbat street, Moscow's main pedestrian mall. He will leave for home on Saturday.



Rescue teams work through the smoking remains of a block of houses in the West German medieval city of Herborn yesterday after the petrol explosion of a tanker truck which crashed into a restaurant late Tuesday night. The bodies of four persons were found and 3 persons were missing. The blast also injured 36 people and made 40 others homeless. (AFP)

Six Sikhs killed in Hindu backlash

CHANDIGARH, Punjab (AFP). — Rampaging Hindu mobs killed six Sikhs yesterday as violence spread across northern India, where dozens were injured during protests against the slaughter of 72 Hindus by Sikh separatists, the police and news agencies said.

The police said four Sikhs had been killed in Haryana state and the Press Trust of India (PTI) reported two more Sikh deaths from the Hindu pilgrim town of Rishikesh in neighbouring Uttar Pradesh.

A mob poured petrol over a 40-year-old Sikh and set him ablaze at Fatahabad, Haryana, where 34 bus passengers were massacred on Tuesday after the slaying of 38 Hindus on Monday in the worst violence of the separatist campaign, the police said.

Another Sikh was battered to death with iron rods at Yamunanagar, about 180km. north of New

Delhi, where at least six more Sikhs were injured when mobs threw rocks, the police said.

Two Sikhs were lynched at Hissar, also in Haryana, where a Sikh shrine and a petrol pump were set on fire, the police said. The owner of a saw mill there was killed after he fired shots in the air to try to disperse the mob, unofficial police sources said. Details of the second killing were not available.

The army was put on alert in Haryana and soldiers in full battle-dress staged shows of strength in several towns as a near total strike was observed in the state, as well as in neighbouring Punjab, Himachal Pradesh, areas of Jammu and Kashmir and the union territory of Chandigarh, reports said.

A dozen Sikh-owned shops, two houses, a cinema and a hotel were set ablaze in Yamunanagar and

Fatahabad, the police said. Two trains were halted.

In Simla, the state capital of Himachal Pradesh, two Sikhs were beaten and seriously injured by Hindu gangs. Several Sikh tourists were also attacked but not badly hurt.

In New Delhi, hundreds of Hindus clashed with police, with at least 10 people injured, during protests by about 2,000 people. Activists of the rightist Bharatiya Janata Party (BJP) overran police and attacked security men with rocks during a protest near the home of Minister Buta Singh, a Sikh. They demanded the resignation of Prime Minister Rajiv Gandhi for failing to curb Sikh separatist violence which has left more than 525 people dead so far this year.

Meanwhile, PTI reported that three people were shot dead by suspected Sikh militants in Punjab during the past 24 hours.

South Korea frees 357 dissidents

SEOUL (Reuters). — South Korea yesterday released 357 jailed dissidents as it presses on with a reform programme on the eve of a massive anti-government protest to mark the funeral of a student killed by a police teargas shell.

The release brought to 534 the number of political detainees freed this week after President Chun Doo Hwan announced on July 1 sweeping political reforms, including free elections to pick his successor this year before he steps down next February. Chun today is due to amnesty his arch foe Kim Dae Jung and more than 2,100 other dissidents by restoring their civil and political rights, withheld since they were freed from jail previously.

Kim, a 63-year-old former presidential candidate, has been barred from politics because of a suspended 20-year jail term for sedition, which he denies.

Despite the releases, students and dissidents said they would stage protest rallies today in Seoul and 10 other cities after funeral ceremonies for Lee Han Yul, who died on Sunday after being hit by splinters of a teargas shell during a demonstration on June 9.

Kim and his opposition colleague, Kim Young Sam, said they will attend the funeral at Seoul's Yonsei University, where Lee, already hailed by dissidents as a "national martyr for democracy," studied business administration.

The opposition has put off scheduled negotiations with the ruling camp on electoral reform until after Lee's funeral, which threatens to disrupt the general calm that had returned to South Korean streets since June 29.

33 die of measles

GENERAL SANTOS, Philippines. (Reuters). — At least 33 children aged from one month to 14 years have died in a measles epidemic which broke out last month in a remote mountain village in the southern Philippines, relief officials said yesterday.

Lebanon Moslem heads hold talks with Assad

DAMASCUS (Reuters). — Syrian President Hafez Assad held talks yesterday with Lebanese Moslem leaders, including acting Prime Minister Selim Hoss, on the political situation in Lebanon, informed sources said.

The Lebanese delegation also included Parliament speaker Hussein Husseini, Druse leader Walid Jumblatt and Nabih Berri, head of the Shi'ite Amal militia.

Lebanon's Syrian-backed Moslem leaders have blamed the anti-Syrian Christian Lebanese forces militia for the assassination of the Moslem Prime Minister Rashid Karamneh on June 1, and accused President Amin Jemayel of blocking investigations into the murder.

Al-Baath, newspaper of the ruling Arab Baath Socialist Party, said yesterday that the situation in Leba-

non was "fraught with dangers... what is needed now is a clear and explicit position, particularly with regard to Karamneh's assassination... Silence and neutrality are no more acceptable because both are not in the interest of Lebanon's unity."

Last week, Jemayel was quoted as saying he could do nothing if there was no understanding with Syria, the main power-broker in Lebanon with 25,000 troops stationed there.

Syria has said it will not reopen talks with Jemayel until the government finds the killers of Karamneh, who had been its key ally in Lebanon.

Syria and Lebanese Moslem ministers have boycotted Jemayel for refusing to endorse a January 1986 Syrian-brokered peace pact aimed at ending Lebanon's civil war.

Chirac: No moves until Israel decides on talks

Jerusalem Post Correspondent PARIS. — No new French initiative on the Middle East will be taken until the government of Israel unanimously adopts a definitive position about an international peace conference, says French Premier Jacques Chirac.

In an interview this week with *Le Monde*, Chirac said of the Peres initiative: "You know [our position]. It has been expressed many times. It is, by the way, the position of the European Community. We are in favour of an international conference, which of course would not be a substitute for the concerned parties deciding about a settlement, but would allow progress in the peace process and would move the parties to find an agreement."

"From there on," said Chirac, "there is a second reality that we must now take into account: in Israel, as in other countries, there is a system of political cohabitation. We respect the sovereignty of the State of Israel and we have no inten-

tion of interfering in its domestic affairs. But everyone knows that there is today a difference in the positions of the alternating prime ministers. We do not wish to take new initiatives as long as the government of Israel does not unanimously decide on a position."

Benny Morris adds: In Jerusalem, the Prime Minister's Office yesterday expressed "satisfaction" with Chirac's reservations about the convocation of an international peace conference.

Sources in the Prime Minister's Office noted yesterday that Shamir, during his visit to France two months ago, spent a long time discussing the conference idea with Chirac. "It appears that that discussion has now borne fruit," they said.

BUTTER. — A big chunk of the European Community's so-called butter mountain will soon be on its way to the Soviet Union at special knockdown prices, officials said in Brussels yesterday.

FOREIGN BRIEFS

Villagers hit mosquito killers as terrorists

BELGRADE (Reuters). — Mosquito exterminators wearing protective uniforms and armed with special cannon were attacked on the north Yugoslav coast by villagers who mistook them for terrorists, the Tanjug news agency reported.

Villagers in the resort of Rijeka were convinced the uniformed men were out to destroy a nearby refinery and coking plant, Tanjug added. No casualties were reported.

Pope's love story will make cinematic debut

ROME (Reuters). — A love story written by Pope John Paul II to make its cinematic debut in Italy this year, starring Burt Lancaster, Ben Cross and Olivia Hussey, the Italian National Broadcasting Network Rai announced yesterday.

"The Goldsmith's Shop," a play written in 1960 when the pontiff was Monsignor Karol Wojtyla, an auxiliary (assistant) bishop in Krakow, is being filmed in his native Poland and is due to be completed in Canada by the end of August.

World population to hit five billion on Saturday

BERNE (AFP). — The world's population, growing by 220,000 people a day, will reach five billion on Saturday, the Third World Information bureau predicted here.

Basing its forecast on United Nations statistics, the bureau said the highest growth rates had been recorded in the southern hemisphere, with an average increase of between two and four per cent from 1973 to 1983.

Tokyo flat sells for record \$12m.

TOKYO (AFP). — A new apartment in a Tokyo building, with a floor space of 200 square metres, has been sold for a record 1.8 billion yen (about \$12 million), a real estate dealer said yesterday.

The average price per square metre for the three-bedroom apartment with a large living room and a balcony is about 8. million yen (\$58,000).

3 Americans, Briton kidnapped in S. Sudan

KHARTOUM (Reuters). — Rebels have kidnapped three Americans and a Briton working on relief projects in southern Sudan, an official security source said yesterday.

The four were working near Juba, located on the White Nile 150km. north of the Uganda border, when they were abducted on Monday.

U.S. bars Marcos from leaving the U.S.

WASHINGTON (Reuters). — The United States has barred former Philippine President Ferdinand Marcos from leaving his exile in Hawaii because of concerns he was trying to destabilize the new government in Manila.

State Department spokesman Charles Redman said U.S. laws give the immigration and naturalization service authority to bar an alien from departing from the United States.

Tanker owners want joint Gulf escort unit

LONDON. — The International Association of Independent Tanker Owners (IATF) has called on Western countries with a naval presence in the Gulf to form a joint escort force to protect merchant shipping in the region.

Meanwhile, a Kuwaiti supertanker was anchored near the mouth of the Gulf yesterday, awaiting the go-ahead to shuttle crude oil under the U.S. flag in the dangerous waterway, as concern grew in the U.S. Congress about Washington's plan to reflag and protect 11 Kuwaiti tankers, Gulf shipping sources said.

Kuwait would also like to charter American tankers, in addition to flying the U.S. flag on 11 state-owned ships, its ambassador in Washington said yesterday.

In another development, Kuwait's foreign minister ruled out any possibility that his nation would grant military facilities to the United States or other foreign powers.

In a related story, Iraq said its warplanes launched a destructive raid on Iran's main oil terminal at Kharg Island.

It was the second attack on the island after Iraq resumed strikes against shipping in the Gulf on June 20 since it crippled the U.S. Frigate *Stark* a month earlier, killing 37 American crewmen. (Reuters, AP)

Silence over Chernobyl court case

MOSCOW (AFP). — After six hours of court hearings on Tuesday, a blanket of silence has fallen over the trial of six former officials at the Chernobyl nuclear plant, which is expected to last for about three weeks.

The Soviet authorities allowed a few Western journalists to attend the beginning of the trial. It is being held in an improvised courtroom at Chernobyl's House of Culture, within the 30km. zone where the world's worst nuclear accident occurred on April 26, 1986.

Foreign observers will not be readmitted until sentence is passed. Until then, the Soviet media will be the only direct source of news.

On Tuesday night, Soviet television gave it a low profile, with pictures at the end of the main news bulletin. Yesterday the official news agency Tass made no comment about the day's proceedings. Newspapers both in Moscow and in the Ukraine devoted only brief paragraphs to the trial.

According to western analysts in Moscow, the policy of *glasnost* (openness) introduced by Soviet leader Mikhail Gorbachev consequently appears mainly to be a matter of improving the country's image abroad.

Mine blast wrecks hotel bar in Johannesburg

JOHANNESBURG (Reuters). — A limpet mine wrecked a hotel bar in central Johannesburg yesterday, injuring four black men, in what police said could be the latest in a wave of urban guerrilla bombings.

The explosion ripped through the Village Main Hotel, one of Johannesburg's oldest mining hotels, soon after the bar had opened for lunchtime business.

It demolished the interior of the near-empty bar, blasted a three-metre-wide hole in an outside wall, shattered about 20 windows and damaged parked cars, police said.

About 20 explosions have hit Johannesburg since 1984 as the banned African National Congress (ANC) guerrilla movement embarked on a bombing campaign to back its demands for black majority rule.

The latest blast came as about 50 prominent Africans were travelling to the Senegalese capital of Dakar for talks with the ANC on South Africa's future.

State-run Radio South Africa yesterday poured scorn on the talks and a spokesman for the ruling National Party said they could harm the country.

Jewish, Arab Americans call for M-E peace conference

By WALTER RUBY
Jerusalem Post Correspondent
NEW YORK. — A group of prominent Jewish and Arab Americans joined yesterday with former Secretary of State Cyrus Vance and former Middle East peace negotiator Philip Habib in calling on the Reagan administration to support an international Middle East peace conference.

The Businessmen's Group for Middle East Peace and Development said: "There appears to be serious consideration by the in-

terested parties in a peace conference that would be convened under international auspices. While we do not necessarily regard this method of getting 'to the table' as the best method, we believe our government should support the convening of such a conference."

Among those signing the statement were Najeeb Halaby, former chairman of the board of Pan Am and the father-in-law of King Hussein; Arab-American businessman Albert Tahmouh; Joseph Jacobs and Jerrie Haddad; Howard Squad-

ron, a former chairman of the Conference of Presidents of Major American Jewish Organizations; and prominent Jewish businessmen Robert Arnow, Lester Crown, Henry and Edith Everett, Alfred Moses, Lewis Rudin, and Stephen Shalom, as well as Prof. Stephen Cohen, director of the CRB (Charles R. Bronfman) Foundation.

The Businessmen's Group has been in existence for nearly five years, working to further economic development projects dedicated to improving the quality of life on the

West Bank and Gaza and to furthering contacts between Israel, Jordan, and Palestinians.

The statement expressed support for the idea that in an international peace conference "the only role of the conveners would be to provide a forum for commencement of bilateral negotiations between Israel and each of the parties in the dispute."

While noting that both Israel and the Arab states oppose aspects of the proposal, the group maintained that "such disputes will never be resolved peacefully in the absence of a nego-

tiating process: we can only hope that such a process will succeed."

Vance told reporters, "A window of opportunity now seems to exist to get the parties to the negotiating table. We wholeheartedly support the efforts to get the parties to the table because if that does not happen the situation is likely to slide backwards."

Halaby said the group, which has long preferred to work behind the scenes, has decided to go public now because it is urgent "to get (negotiations) off dead center... Most events in the Middle East are now moving against peace... (but) we believe Mubarak, King Hussein, Assad and the Israeli leaders are about as good a group as we are likely to have."

Squadron denied that the group is taking sides with Peres against Shamir. But he said that members of the group are "disturbed that the Peres initiative did not gain more support outside Israel."

Political integrity — the right to know

By JONATHAN WOLMAN
WASHINGTON. — He said it went "beyond the bounds of responsible journalism," and griped: "We're all running for president, not sainthood." But when Senator Paul Simon received his character questionnaire, he reluctantly agreed to waive his right to privacy and allow *The New York Times* to peruse his raw FBI and CIA files.

The Illinois Democrat agreed to supply his birth certificates, his marriage licence and his high school records, a list of his closest friends since high school, a copy of his medical records. And more, much more.

The *Times* questionnaire represents a brief, tentative step into the post-Gary Hart era of political integrity — an uncomfortable period in which politicians and the news media are trying to determine what's relevant about a presidential candidate's character and private life, how to report it and how to make it public.

Simon wasn't alone in agreeing to the *Times*' request. Another contender for the 1988 Democratic presidential nomination, former Arizona Governor Bruce Babbitt concluded: "The public's right to know out-

weighs a candidate's right to privacy."

Democratic Congressman Richard Gephardt of Missouri apparently was willing to go along.

Nonetheless, the paper's wholesale request brought whistles of disbelief from several of the candidates. And the *Times* had second thoughts. On June 19, Editor Max Frankel wrote a memo to his staff saying: "In this valid pursuit, we have put some questions to candidates that reach a bit too far."

The *Times* is not alone in wrestling with the dilemma. Media handling of the George Bush rumours (called a "tempest in a cesspool") by one supporter in Iowa provides another example.

For a week, political reporters were hearing accounts of an alleged affair between Bush and a woman not his wife. Depending on the source, the details varied. It wasn't clear if anything about the rumours would merit a news story, even if the gossip was true. The Associated Press, among others, published nothing.

However, runaway whispering eventually prompted the Bush campaign to provide denials which were published in two news magazines.

The AP and other news organizations then wrote stories quoting what George Bush Jr. told *Newsweek*: "The answer to the A question is N.O." "A" was for adultery.

Is this sort of thing really necessary? In the wake of the Gary Hart-Donna Rice episode, it isn't clear where to draw the line.

But there's no turning back the clock. In Frankel's words: "In the nuclear age, when we entrust our presidents with instantaneous powers of life and death, we think we have a duty to report on the essential character and history of every contender for the office."

"As regards their fitness for the office and trustworthiness, they have no 'right' to privacy. Their lives, their personalities, their finances, their families, friends and values are all fair game for fair reporting."

It was an eloquent statement of purpose, but how do you get there from here? Frankel wasn't defending the *Times* questionnaire, he was scaling it back.

"We will not, in fact, seek raw FBI files that indiscriminately record malicious and unsubstantiated gossip, or similar CIA files," Frankel said in the memo, knowing full well that many files often carry more

fiction than fact. Nor, Frankel said, will the *Times* seek medical records that "do not bear on a person's fitness for the presidency."

His memo quelled the criticism. Simon, speaking to reporters several weeks ago in Great Neck, New York said, "I wrote to *The New York Times* and said I was complying, but I think they're going beyond the bounds of what is responsible in the field of journalism."

(Associated Press)

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Lest we forget

Ernie Meyer

ONE ROOM in a comfortable house on Kooyong Road in Melbourne's residential Jewish district is set aside for an unusual purpose. It contains a large model of the Treblinka extermination camp, where about 860,000 Jews were gassed by the Germans in World War II.

The model is complete with plastic figures representing the prisoners and the SS and Ukrainian guards. There is even the feared deputy camp commander Kurt Franz, leading his fierce dog Bari on a leash.

All the major installations are there, although some liberties have been taken with scale and proportion for the sake of clarity and impact. There is the unloading ramp for incoming victims, the undressing and haircutting barracks, the *Schlauch*, the well-camouflaged path leading to the gas chambers, the burial pits, and the "hospital," where the sick and the elderly were shot at the edge of a ditch.

Camp history is compressed into one time unit. On the large galleys hang the hooded bodies of four recaptured escapees. The blood-spattered, naked bodies of two young Jews are still suspended upside down from the small galleys. The men had been caught with money and a map of the camp in their possession, obviously preparing to escape. Their day-long suffering was only ended at nightfall by a bullet in the head. Before that, and between whippings, they had shouted in Yiddish: "Yidden, nemis nekomo!" (Jews, take revenge.)

The model was built over several years by Haim Sztajer, who belongs to that select band of 50-60 men and women who survived the August 2, 1943 revolt that practically put an end to the camp.

He was 34 years old then and he is a remarkably hale 78 today. But the 11 months in the camp and the 13 months he spent hiding in the woods after the escape have marked his life for ever. Hence his effort in making the model in far-off Australia.

It is different from the scale model by his friend, the late Yankel Viernick, which is now at Kibbutz Lohamei Hagetaot. Viernick was a builder at Treblinka, and the only prisoner who could move between the lower and the upper (death) camp. Sztajer's model is more like the panoramic reconstructions of famous battles one sees at some museums.

In a recent interview with *The Jerusalem Post* at the Tel Aviv flat of friends where he was staying, Sztajer surprised this reporter by bringing out some of the figures he had made for his model (see photo).

Sztajer and his wife, Rose, had come to Jerusalem to observe the Demjanjuk trial. Details of why he



In honour of their memory: Haim Sztajer's figures from his model of Treblinka extermination camp. (Andre Brummann)

did not himself testify at the trial cannot be discussed here, because the case is still *sub judice*.

Sztajer was born in the Polish town of Czenstochowa in 1909 and became a carpenter and later a shoe manufacturer. He and his first wife and two little girls were taken to Treblinka between the Yom Kippur and Succot holidays in 1942. His family was gassed right away, but he himself was selected to work in the lower camp, where he sorted clothing for three weeks.

After that he was taken to the upper camp, where for the next ten months he carried bodies from the gas chamber to the burial pits. When there were fewer transports, he worked at exhuming these bodies and burning them.

For his model, Sztajer later constructed a replica of the rough stretcher used by the Jews of the death commando unit to carry bodies from the gas chambers. "I got many a beating doing this work, always at the double," he said. Then he pointed out old scars on his scalp, his shoulder and his elbow. Opening his shirt, he touched a depression in his breastbone. "That's another reminder."

He said that he was among the group of prisoners who took out the bodies of Janusz Korczak and his orphanage children, after they had been deported from Warsaw.

One day, when the survivors of the Warsaw Ghetto revolt were being shipped to Treblinka, four men were removed, still alive, from the gas chambers. "They told us

about the revolt," he said. The four were later shot and thrown into the burial pits, he recalled. Sztajer added that victims removed from the gas chambers were sometimes still moaning and that even in the pits, one could see "corpses" moving their arms and legs.

SZTAJER SAID that he well remembered Otto Horn, the SS man in charge of the burial pits, whose testimony the three Demjanjuk court judges heard in Berlin last month. "He was not the worst, but they should all be dead," he said, speaking in Yiddish. But then he added: "There was one good SS man, whose name I don't remember..."

I asked Sztajer about the many suicides among the men of his death commando and what it was that kept him alive. "The desire for revenge," he answered unhesitatingly.

But that desire, apparently, was not enough to save Dr. Zimmerman, whom the Germans had made the *kapo* of the "dentists," who removed the gold crowns from the mouths of the dead. He was a decent man, who helped many fellow prisoners, Sztajer said. At one time he told Sztajer: "There is not enough soap to wash away what the Germans have made us do."

Zimmerman finally fell ill. Although the Germans, who had a certain respect for him, gave him medicine, he stopped eating since he had lost the desire to live. "The Germans made him a real funeral," Sztajer said.

At the time of the revolt, in Au-

gust 1943, Sztajer said he weighed about 35 kilos. "But I had nervous energy, and that carried me along." His weapon was one half of a large pair of tailor's scissors. "We in the death camp had no firearms. I captured a rifle from a Ukrainian guard and gave it to Zhebo Bloch, one of the leaders of our revolt."

After fleeing the burning camp, Sztajer and his friend Aaron hid in the nearby woods and later swam across the river Bug. There they teamed up with a boy of only 13, who had been in the forest on his own for about a year. "We stole potatoes from the fields at night to stay alive; we cut wood for the Polish peasants, wove baskets for them and prepared their sheepskins, since Aaron was a furrier," Sztajer recounted. "We came across other Jews hiding out, but we never met partisans."

With the arrival of the advancing Russians, Sztajer's ordeal was over. He moved to Germany and in 1949 came to Israel. But in 1955 he decided to join a brother, who had also survived, in Melbourne, Australia. In 1971 his second wife, with whom he had a son and a daughter, died.

Sztajer has been retired from his shoe manufacturing business for many years. He and his present wife, also a camp survivor, speak Yiddish at home. Somehow it seems that with the language that was used by so many of the lost millions, it is easier to preserve their memory. Despite death threats from neo-Nazis, Sztajer is determined to do his share to honour that memory.

India's tennis diplomacy has much broader objectives

By a Special Correspondent

NEW DELHI. — The Indian government's decision to allow the Israeli Davis Cup tennis team to play their quarter-final tie against India here from July 24-26 is being looked upon here as a major shift in the country's foreign policy.

The last time Israel was represented in the sports arena on Indian soil was way back in 1951 when New Delhi hosted the first Asian Games.

Under pressure from the Arab world Israel was, however, debarred when India again hosted the Asian Games in 1982. The situation was the same with the two World table tennis championships held in Calcutta in 1975, and in New Delhi earlier this year. In 1975, the Israeli contingent was actually turned away at Dum Dum International airport when they were denied visas on arrival. In this year's tournament several West European countries had raised a strong protest with the International Table Tennis Federation. The Indian Table Tennis Federation was, however, helpless; they had no choice but to toe the official government line. Further instances of boycotts were in September 1986, when India declined to play Israel in the semi-final of the Asian zone of the ITF World Junior Team Championships. In Hongkong, that resulted in a one-year ban. In fact, ever since the 1974 Teheran Asian Games, India has refused to compete against Israel in any sport. The lone exception was at the 1983 World table tennis championships staged in Tokyo.

What, then, has caused the sudden change of heart in New Delhi? Many observers view the decision as a personal victory for India's Davis Cup captain Vijay Amritraj, now in his 16th year of competitive tennis. Amritraj, who has homes in Los Angeles and Madras, is considered a fine ambassador for his country in

the United States. He has lobbied actively against the sales of AWACS aircraft to Pakistan.

Amritraj, who put his views forward while playing against Secretary-of-State George Shultz (a keen tennis fan), is suave and sophisticated and his role in persuading Prime Minister Rajiv Gandhi to allow the tie to go through is widely acknowledged.

Moreover, if India had refused to host Israel the price would have been heavy — a \$10,000 fine, a three-year ban from the competition and the need to assure the international authorities that India would not repeat the boycott in future. Since Davis Cup rules do not allow a neutral venue, the options open for India were limited.

It is recalled with emotion here that in 1974, India had refused to play against South Africa after reaching the Davis Cup final for only the second time. Then, Vijay and his elder brother Anand were at the peak of their powers. Everyone accepts that it would be a marvellous swan-song for them if India could advance to a semi-final tie against Australia, the Cup holders.

Another important factor that may well have forced the Government's hand has been the enormous outpouring of public sympathy for Israel in the national press. For months, the letters columns of newspapers and magazines have been full of impassioned letters espousing the Jewish cause, while at the same time questioning India's pro-Arab stance.

It has long been felt that the Indian public totally disagrees with India's foreign policy. The Davis Cup tie gave the disgruntled public a chance for views to be aired. It was pointed out by many readers that India's "Arab friends" have always sided with Pakistan in the frequent clashes between the two countries. Israel, on the other hand, is pro-

jected as India's natural ally.

The decision to admit Israel has also come in for a lot of editorial comment. One of the most startling of these editorials was by India's most controversial editor, M.J. Akbar of *The Telegraph* of Calcutta. Under the heading "Tennis Diplomacy: Handle With Care," Akbar wrote: "The decision to play is a signal to more than the Arabs. It is clearly a gesture to the Jewish lobby in America, telling them that they should re-consider their anti-Indian stance." He goes on to state that after 40 years of being "more loyal to the Arabs than many of the Arabs themselves," New Delhi has decided to play the "Israeli card" to put pressure on Pakistan, which Indians are convinced, has built an "Islamic bomb." The message is conceived as being that just as Israel destroyed Iraq's nuclear facility, India may well enable Israel to strike through its air-space at Pakistan.

Not unexpectedly, reaction from the Arab countries has been swift and harsh. A number of formal complaints have been lodged, including one by the PLO which has a strong base here. This has caused fear of a security risk. There is speculation that the tie may even be played "in camera" with only press and officials allowed.

What of the match itself? While in no way underestimating the Israelis, particularly Amos Mansdorf, the Indian camp is confident, especially since it will be played on grass on which they have a formidable record. But as Rajan Bat pat in *Indian Express*: "For a people who have known the burning heat and the pouring of the Red Sea, miracles are always possible."

The lean patch of Israel's main threat in the forthcoming Davis Cup tie against India, Ramesh Krishnan, continues. He has been eliminated in the first round of the Grand Prix tournament in Gstaad, Switzerland. Seeded seventh Krishnan was beaten 6-3, 6-3 by unseeded Ronald Agnir of Haiti.

Israel's tennis teams warming up

By JACK LEON

TEL AVIV. — Israel's Davis Cup and Federation Cup (the women's equivalent of the Davis Cup) tennis squads are leaving Israel in the next two days to prepare for their respective competitions in India and Canada.

First away this evening will be the women, whose team for the July 26-August 2 Federation Cup world team championship in Vancouver comprises Ilana Berger, Dahlia Coriat and Yael Shavit, together with coach Yehoshua Shalem and manager Freddie Krivine.

Prior to acclimatization training in Vancouver, the women will warm up on hard courts at a \$10,000 WTA tournament in New Orleans.

The men leave tomorrow for England, to spend a week working out on grass at a closed camp in Manchester, en route to New Delhi for the World Group Davis Cup quarter-final against India there from July 24-26.

The squad consists of Shlomo Glickstein, Amos Mansdorf, Gilad Bloom, Reviv Widenfeld and Boaz Marenstein and non-playing captain Yossi Sabzholtz. The professional staff includes coach Shlomo Zorel, trainer Pini Shimon and manager Michel Perrot.

Yael Hirsch on Tuesday surprisingly upset top seed Daniel Bratto of the Philippines 5-6, 6-4, 6-2 in the first round of an International Tennis Federation World Junior Ranking Circuit under-18 tournament near Amsterdam.

Weitzner resigns

Zvi Weitzner, board chairman of Maccabi Haifa's football team, announced his resignation on Tuesday night.

Weitzner said his decision had nothing to do with the Maccabi Haifa comptroller's report in which he and the club's treasurer, Freddy Shavit, were implicated as having committed corrupt acts.

In his resignation announcement Weitzner said: "As chairman, the interests of the club were always at the top of my list of priorities. I am not resigning because of the comptroller's report, however, I have come to the conclusion that I do not resign the committee will not be able to continue to function, because of public pressure — and the club will only suffer from this."

Hadera school win world title

Hadera's Amal high school's football team, the Israeli schools' champions caused a sensation on Tuesday when they won the world school soccer championships in Belgium. They beat Sweden's school champions 3-2 on penalty kicks in the final.

BASEBALL

Tuesday's results:

AMERICAN LEAGUE

New York Yankees 12, Minnesota Twins 7; Chicago White Sox 9, Baltimore Orioles 3; Cleveland Indians 4, Kansas City Royals 4; Toronto Blue Jays 6, Texas Rangers 5; Detroit Tigers 6, Oakland A's 4; California Angels 9, Boston Red Sox 4; Seattle Mariners 9, Milwaukee Brewers 5.

NATIONAL LEAGUE

St. Louis Cardinals 5, Los Angeles Dodgers 4 and 5-4 (2nd game, 10 innings); New York Mets 6, Atlanta Braves 2 and 5-1 (2nd game); Montreal Expos 2, Houston Astros 6; Philadelphia Phillies 10, Cincinnati Reds 8, Chicago Cubs 7, San Diego Padres 5; Pittsburgh Pirates 6, San Francisco Giants 4.

Bailey challenges for England spot

LONDON (AFP). — Robert Bailey enhanced his chances of an England call-up for the fourth Test against Pakistan as Northamptonshire swept to within one point of English county championship leaders Yorkshire on Tuesday.

The powerful middle-order batsman guided Northants to a nine-wicket victory over Lancashire by taking his tally of runs in the match to 203 for once out, and he finished the match in a fitting manner, with a six.

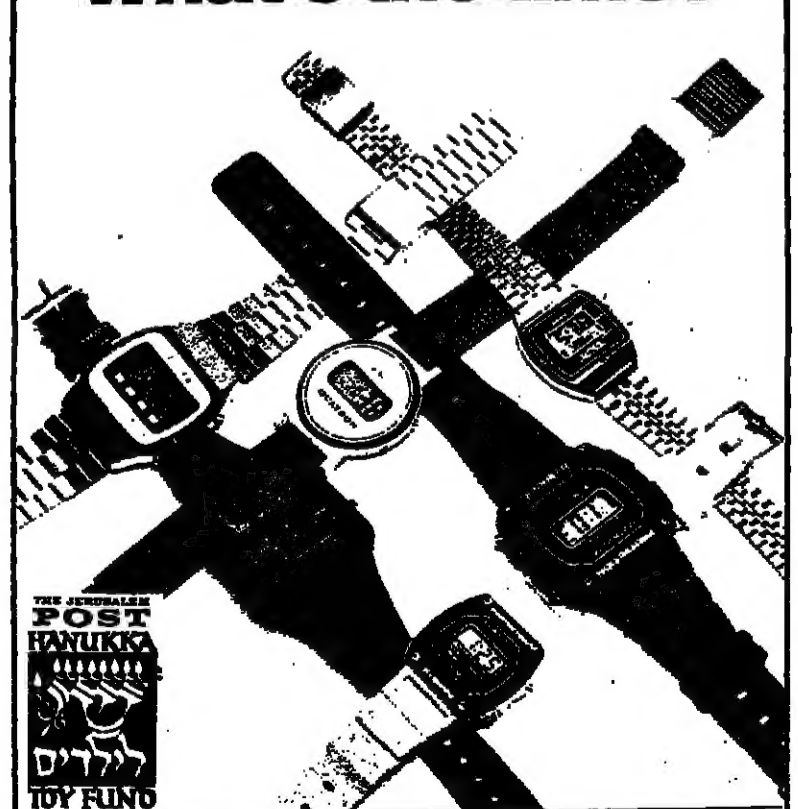
In other matches: At the Oval, Leicestershire beat Surrey by an innings and 24 runs. At Hove: Sussex and Kent drew. At Swansea: Gloucestershire beat Glamorgan by 105 runs. And at Worcester: Worcestershire and Warwickshire drew.

	P	W	L	D	Pts.
Yorkshire	13	5	3	5	141
Northants	10	6	0	4	140
Lancashire	13	3	4	6	118
Worcestershire	13	3	4	6	118
Derbyshire	10	4	3	3	116
Gloucestershire	12	3	3	6	116
Essex	12	3	1	8	113
Surrey	11	3	1	2	106
Leicestershire	10	3	1	7	98
Nottingham	13	2	3	1	97
Glamorgan	13	1	3	9	96
Somerset	11	1	1	9	85
Kent	12	1	3	8	78
Warwickshire	11	3	3	7	69
Middlesex	10	1	4	5	68
Sussex	10	1	4	5	60
Gloucester	10	1	4	5	59

Looking ahead

ZAGREB (Reuters). — Free condoms and AIDS education are being offered to the 4,500 male athletes at the world student games, which began here yesterday. This is the first time such a step has been taken at a sports meeting of this scale.

What's the time?



Many bar-mitzva boys and bat-mitzva girls in Israel can give you the answer because they have received watches through The Jerusalem Post Toy Fund. This is just one of the activities of The Jerusalem Post to help Israel's disadvantaged children. Demands for assistance are made all year round, not just at Hanukkah. So help us to help them by giving generously today.

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Industrious

There and then/Sraya Shapiro

FROM HIS grey swivel chair in a well-lit office in the Shalom Tower, Amos Horev, a brigadier general in the reserves and former president of the Technion, does his best to induce investors to put their money into industry.

"Industry is our only hope. It generates employment, money too. But people today only want iron-clad investments. That's stagnation. Nothing is achieved without a calculated risk."

The son of an engineer, Amos Sochachev joined the Palmah when he was in his last year at the Rehavia high school. Training in Kfar Uriya, in the Jerusalem hills, then in Kfar Giladi, he postponed further studies till much later after he had made his grade in the army and the Israel Defence Forces enabled him to study at MIT.

One of his several jobs in the army was head of the Ordnance Corps. But in the War of Independence, he was deputy commanding officer of a Palmah battalion in the Harel brigade. In his office in the Shalom Tower, there is a framed photograph he obviously cherishes very much. Between a rather elegant Yigal Alon and a shy-looking and youthful Yitzhak Rabin, stands Amos Horev, an anxious looking young man, almost a boy, hatless, in battle-dress. "It was Yigal who imposed that name on me: he decided that the slavic root *sucho*, meaning dry, had an affinity to *horev* in Hebrew."

"My men and I came down from the hills on a mission, and waited in Hula until Latrun was captured and the main road to Jerusalem cleared. "But Latrun was not taken, and one had to think of an alternative. In fact, only a rocky bump of less than a mile separated our men in the Haruv-Bab el Wad area from us in the plain. A search party was sent from Jerusalem, and I set out, in a jeep, with one man, to look for a bypass in the rocks. We met at night. "When morning arrived, I took Mickey Stone — Colonel Marcus — to the top of the ridge, from which the area was clearly visible. The following night 12 jeeps carrying supplies were hauled over the rocks on our



(Israel Suez)

backs. Jerusalem could go on fighting." (Later, the "Burma Road" was hewn over the ridge. A man from Costa Rica, recently wrote to *The Jerusalem Post* that he was the man who, in his capacity as Harel's engineer, discovered and built the Burma Road. "Possibly," Horev says. "There were 11 Palmahniks in the party sent from Jerusalem, and most of them went on foot. I would not know from my side.")

Incidentally, in Jerusalem at that time, Yitzhak Sochachev, Amos's father, was creating makeshift weapons from available material. A practical use of one's imagination must be a family trait.

But it must be a national trait, according to Horev. Shortly before quitting as the Technion's president, he lectured the Editors Committee on his misgivings about the level of high school education. "Young men come to the university hardly prepared, particularly in physical science and engineering."

Engineering, Horev maintains, is the main hope for our national survival. "Engineers with imagination create exports, create jobs. Just give them the means."

Engineers deal with facts. Politicians tend to lose themselves in fancy. "How can one promise economic growth if wages increase far beyond productivity? Can't people think?"

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The Toshiba affair

Another case of Japan-bashing?

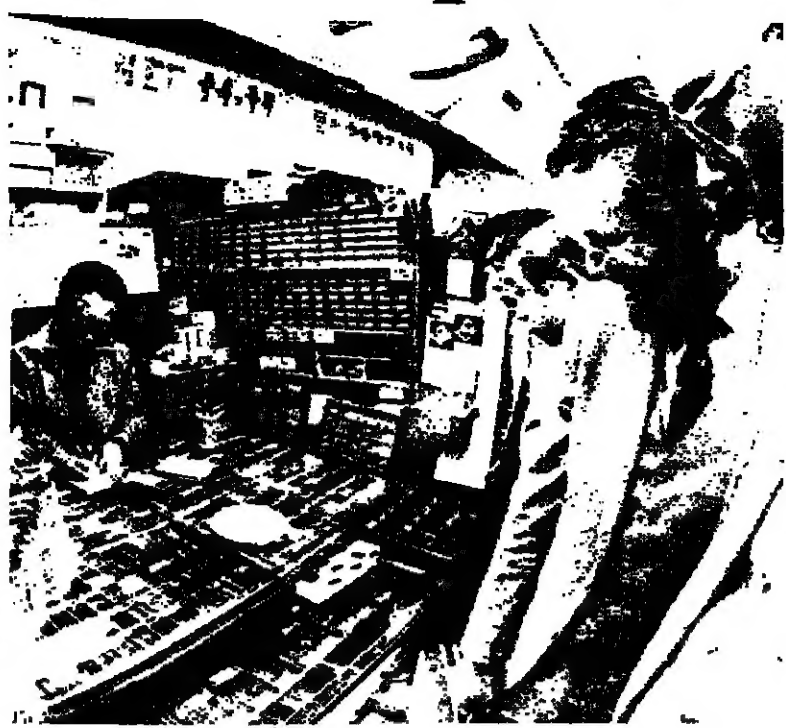
By LINDA SIEG
TOKYO (Reuters). — When the Japanese saw U.S. congressmen smashing a Toshiba radio to bits on television last week, many feared their worst nightmare was coming true.

Japan is worried that the U.S., frustrated by its huge trade deficit and fearing it is losing the high technology race, has found in illegal Japanese exports to the Soviet Union an excuse for a Japan-bashing rampage. Overt Japanese concern has mounted since the U.S. Senate voted June 30 to ban exports to Toshiba Corp. in retaliation for illegal exports by its Toshiba Machine Co. unit.

Toshiba Corp.'s president and chairman resigned the next day. They denied the parent firm had any connection with its 51 per cent-owned subsidiary's action but said they felt responsible for the damage done to U.S. security. The illegally exported machines help the Soviet Union make nearly silent submarine propellers.

The resignations have finally prompted a rush of public commentary, less on why and how the illegal exports occurred than on why Washington is so incensed. Much of the commentary attributes the true source of U.S. anger as much to trade figures as defence concerns.

"This happened when the United States is making big red figures in trade," Bank of Tokyo economist Teruhiko Mano says. "The United States is feeling chased by Japan economically and politically. If other countries did the same thing, there might be a different reaction."



Electrical storm: U.S. businessmen survey the electronic wares at Tokyo's Akihabara market. Their government isn't so happy about the fact such goods are so popular in the U.S. (AFP)

Hideo Akimoto, well-known commentator and author of a recently released book entitled *Japan Bashing*, said: "This is certainly a kind of Japan-bashing. If West Germany did the same thing, would there be this reaction? Aren't the Europeans doing the same thing? Toshiba Machine did all the time?"

Toshiba Corp., many say, is taking

the brunt of an attack which stems from U.S. fear of Japan's high tech threat.

An editorial by *Asahi Shimbun* said: "In the background of Congress's persistent follow-up of this incident, linked with national security, is a fear that it will be overtaken [in high technology] by Japan."

"That feeling has caused them to turn up the misdeeds of companies

like Hitachi, Mitsubishi and Toshiba which are representative of our high tech enterprises and make them scapegoats one after another," the newspaper said.

"The United States is not doing well economically, so there is frustration against Japan," says John Takahashi, research director for Mitsubishi Research Institute.

But Japanese institutions do not escape criticism. "The Ministry of International Trade and Industry (MITI) as well as companies involved 'lacked recognition of the importance of Western security,'" said a *Sankai Shimbun* editorial.

The economic daily *Nihon Keizai Shimbun* said: "Doesn't the incident call into question the Japanese way of thinking which over emphasizes the distinction between economic logic and security concerns?"

A MITI official said last week that the Paris-based agency Cocom, which regulates exports to the Communist bloc, informed MITI of possible illegal exports as early as December 1985. But MITI did not launch an investigation until a year later, after the U.S. Defence Department provided detailed data that the machines were being used for military purposes.

Yet for many Japanese, resolving tension with Washington lies beyond strict export control. Mitsubishi's Takahashi says: "It's not enough to strengthen the Cocom rules. Japan has to take more leadership in assuring world economic growth, open its markets and stimulate its domestic economy."

AACI small-business circle

Finding strength in numbers

By KEN SCHACHTER
For The Jerusalem Post
TEL AVIV. — One is a social worker and another grows "exotic fruit" on a moshav. An advertising copywriter, a cabinetmaker and a few students also were among the nearly 40 people who turned up on this particular night. Virtually all of them come from the U.S., but their primary bond is a shared goal: They want to make a buck in the Holyland.

The nine-month-old group, the Marketers/Businesspeople Committee of the Association of Americans and Canadians in Israel (AACI) was formed to help newcomers to Israel make a go in an economy that nearly all find puzzling and some find positively hostile.

Leo Osheroff, chairman and co-founder of the group, pointed to some early successes. One businessman found partners for a food-production company, he said, while another located the "street-fighter" lawyer he needed.

"Fact is, we've been able, just by talking to each other, to get over

some nagging problems," he said. "We've been able to provide a forum of people to let off steam, to express themselves, to find that their problems are not so awesome and they're not really alone. People get a kick out of coming here."

At June's meeting, held at the B'nai B'rith House, group members heard Mark Rozen discuss the use of mailing lists and "direct mail" in marketing campaigns. Rozen, a former consultant to the Democratic Party in the U.S., expounded on strategies for getting business and political messages across with direct mail. "The time it takes to get from the mailbox to the garbage can is 13

seconds," he cautioned, stressing the need to grab the addressee's attention.

Although speakers offer practical business advice, many members use the group to gather connections. "It's sort of a networking group," said David Rubin, of the AACI's headquarters in Jerusalem. "People have found jobs through it and have learned to cut through the bureaucracy."

The group is not without critics, however. One woman who has attended some sessions questioned how "serious a business" forum the group provides. After being told that about 40 people attended the last

meeting, she rejoined "And about five of them were actually working."

Still, Osheroff, who came to Israel from the U.S. 38 years ago, is hoping to provide worthy business with financial, as well as informational, assistance. The group is working to get up a revolving loan fund for worthy business ventures, allowing new immigrants to circumvent banks that generally charge more than 20 per cent annual interest and require considerable collateral.

When he arrived in the country, Osheroff said, there was less need for such a group.

"There was nothing, so everybody was equal," he said.

Though he acknowledges the danger of getting "bogged down in everyday living" and becoming "blessed, even cynical," Osheroff sounds, if anything, like a Zionist romantic.

"It hasn't always been a pie in the sky," he said. "But if you can keep your head, it becomes very beautiful and meaningful. I have a feeling that anything I do as a person has impact on society."

THE TAX BURDEN/Jeff Broide

What's new with VAT

The value-added tax authorities have recently issued instructions governing the rental of apartments or other buildings for non-residential purposes — that is, for businesses, offices, shops, warehouses and so forth — where the rental arrangement is not governed by the Law for Protected Tenants and the landlord is not an authorized dealer, financial institution or non-profit making institution, but a private individual.

According to the instructions, if the tenant is an authorized dealer, then the rental transaction is liable to VAT. If the tenant is a financial or non-profit-making institution and the property is a residential one, then the transaction is not liable to VAT at all.

The 15 per cent surcharge on foreign-currency purchases is specifically not a tax surcharge and not VAT, and therefore may not be set off for VAT purposes.

In effect, what the VAT authorities have done is to transfer the obligation of issuing a tax invoice and reporting the transaction to the tenant in such circumstances. It should be pointed out that effectively the tenant does not pay VAT on his rent because, on the one hand, the VAT on the rental income is supposed to be reported in the periodic VAT report, and, on the other, VAT paid on rental is deducted as VAT on expenses. This applies irrespective of whether the dealer is an authorized or small dealer.

In addition, if the property is a residential one, then a financial or non-profit-making institution is also liable to report. It is interesting to note that similar provisions apply if the property is, in fact, sold.

If the landlord is himself an authorized dealer, then these provisions do not apply and the landlord will issue a tax invoice and report thereon to the VAT authorities.

Another recent directive from the VAT authorities

has specified that if the taxpayer, on his own initiative, submits a corrected periodic VAT report, and has to make an additional payment on it, no additional fine should be charged the debt unless an investigation, audit or other proceeding is being conducted against him. If a fine has already been levied, it is to be cancelled.

However, the directive does stress that this is dependent on the adjustment to the VAT report being done in good faith. VAT payers should, therefore, take careful note, bearing in mind that where an error is discovered after they have filed their periodic VAT report, any adjustment will not lead to fines being levied on the debts due. However, interest and linkage will be charged as is the practice with all tax debts paid.

The question is often raised as to whether the 15 per cent tax surcharge paid on the purchase of foreign currency, particularly for purposes of overseas travel, may be set off for VAT purposes. The answer is a very definite no. The 15 per cent surcharge on foreign-currency purchases is specifically a tax surcharge and not VAT and, therefore, may not be set off. In addition, it should be borne in mind that such tax surcharge is not deductible for income tax purposes.

In the light of a recent query from a reader, it would be useful to reiterate what was indicated in an article discussing this problem some time ago. It is apparent from the provisions of the law and various court decisions that in order to safeguard the right to a nil VAT rate, careful tax planning is required. However, to summarize, the following points should be carefully noted:

- The services performed should not be connected with an asset located in Israel.
- Unless the service charge constitutes part of the generally accepted price of the goods, the service should only be provided to non-residents.
- Services for export of goods or services given overseas are unlikely to be problematic.
- Income must be received in foreign currency, deposited in a local commercial bank and covered by appropriate documentation.

The writer is a Certified Public Accountant (Israel). Questions may be addressed to him at The Jerusalem Post.

Kibbutz aviation-gear plant

Surviving a Lavi crash

By DAVID RUDGE
Jerusalem Post Reporter

KIRYAT TIVON. — The Algal aluminum-finishing factory of Kibbutz Alonim, near here is one aircraft industry-related firm that is not dependent on the Lavi project for its survival, according to company's management.

"The continuation of the Lavi would obviously give us a tremendous boost, but it wouldn't cause our downfall if the project is cancelled," said general manager Elton Sharon.

He spoke at the inauguration last week of a \$3.5 million production line at the factory, which is celebrating its 10th anniversary this year. Sharon said the new line would more than triple the firm's manufacturing capacity.

Algal produces specially toughened aluminum parts, mainly for use in the aircraft industry.

The company uses advanced technology it has developed for anodizing, or coating, the aluminum to make it as tough as steel without losing its lightness or pliability. The firm receives fuselage and wing parts from other companies and puts them through the hardening process. Sharon noted that 90 per cent of Algal's work went for export, direct-

ly or via Israeli companies.

He said Algal, which has an annual turnover of around \$3 million, had used its sophisticated finishing process on parts used in a variety of modern planes, including the F-16, F-18, the McDonnell Douglas DC-10 and the Boeing 767. The firm had recently started work on anodizing aluminum sections for the F-14.

"Most of our business last year was with the big American aircraft companies like Boeing, McDonnell Douglas and General Dynamics," he said.

"Two years ago we realized that

we would have to expand our production facilities to meet demand," he said.

Sharon said the firm had recently extended the range of its activities by adapting the hardening process to kitchen utensils, especially pots and saucepans.

In addition to the American firms, Algal also performed work for Israeli high technology companies such as Scitex Corp., Elbit Computers Ltd., Tadiran Ltd., Israel Aircraft Industries and Military Industries, he said.

The firm, which employs 45 people all of them members of Kibbutz Alonim, has only been involved in the Lavi project in a small way.

"We had expected to receive a great deal of extra work, if the Lavi project went ahead," he said. "Nevertheless, we did not base our expansion plans on the Lavi alone. We are already doing a lot of work for the big U.S. aircraft companies and we hope this would be increased if the Lavi is cancelled."

"In addition, there is the prospect of the Israeli aircraft industry being given special projects if the Lavi is scrapped."

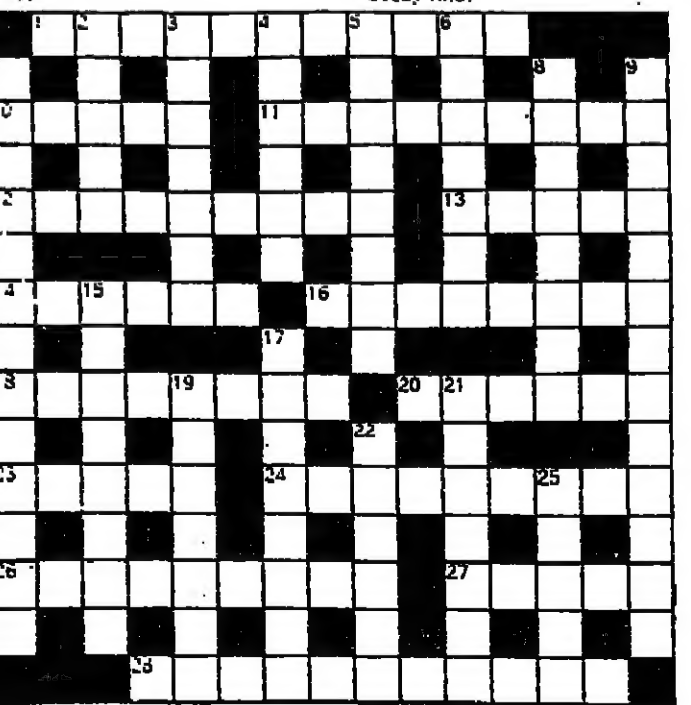
"Either way, we are confident of finding sufficient alternative work to ensure continued full order books," Sharon added.



CROSSWORD

ACROSS

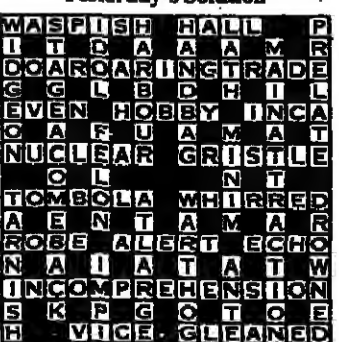
- 1 Fear of being partitioned, possibly (11)
- 10 Right left and centre greeting for a composer (5)
- 11 Long drink that could be a better experience (4,2,5)
- 12 Publicly known in a bad way (4)
- 13 Appropriate as a means to succeed (5)
- 14 Fluency that could well come from (20,16)
- 16 Restrained not to get up (4,4)
- 18 Male university member in the fashion (8)
- 20 Capital that saw war reversal (6)



DOWN

- 23 Recast man or woman in opera (5)
- 24 Sort a liar out in suitable style (9)
- 26 Prize open a tasty gastropod (6,3)
- 27 Better at a picnic, conceivably (5)
- 28 Reallocate directors to help telephonists (11)
- 2 Fix attention by hammering home (5)
- 3 Star missile (7)
- 4 Arid nonsense concealed decay (5,5)

Yesterday's Solution



QUICK SOLUTION

- ACROSS: 1 Faring, 4 Crease, 7 Pistachio, 9 Tess, 10 Epée, 11 Defoe, 13 Dauber, 14 Oxford, 15 Closed, 17 Setter, 19 Razel, 20 Rhyt, 22 Saub, 23 Masticate, 24 Tripod, 25 Warble.
- DOWN: 2 Fastid, 3 Hiss, 5 Gather, 6 Cuckoo, 8 Erie, 6 Extend, 7 Pseudonym, 8 Opportune, 11 Defer, 12 Expel, 15 Carrot, 16 Danted, 17 Seacow, 18 Rebuke, 21 Lamp, 22 Star.

QUICK CROSSWORD

ACROSS

- 1 Contemplate
- 4 Given permission
- 8 Article for practical use
- 9 Top storey
- 10 Good-for-nothing
- 11 Perfid
- 13 He-21s
- 15 Place of worship
- 17 Drove out
- 20 Cozy place
- 22 Musical composition
- 24 Nasal sound
- 26 Gulf clubs
- 27 Guarantee
- 28 Chinese panacea
- 29 Raise an objection

DOWN

- 1 Sightseer
- 2 Criterion
- 3 Bird of prey
- 4 Burning fiercely
- 5 S. American animal
- 6 Lacking
- 7 Comes alongside quay
- 12 Cupid's Greek counterpart
- 14 Outlet
- 16 Asiatic wind
- 18 Spoke
- 19 Sirius (5-4)
- 21 Crawling insect
- 22 Hang on
- 23 Walkway
- 25 Warning

GENERAL ASSISTANCE

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Jerusalem: Balshi, Mehane Yehuda, 222701; Boleim, Salah Eddin, 272315; Shu'afat, Shu'afat Road, 810108; Der Aldava, Herod's Gate, 282088.

Tel Aviv: Briit, 28 Hamelech George, 282731; Sanitas, 83 Ibn Gabirol, 248003.

Ramat-Gan: Kfar Sene, Merkaiz Golan, 198 Ahuz, Ra'anana.

Netanya: Hadassa, 24 Herzl, 22243.

Kiryat Haim: No details available.

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Quarterly improvement

Growth of trade gap slows

By AVI TEMKIN
Post Economic Reporter

The growing merchandise trade deficit appears to be slowing, figures published yesterday by the Central Bureau of Statistics showed.

The trade gap for the April-June quarter shrank 15.5 per cent from the previous quarter to a monthly average of \$248 million, the bureau said. But other figures indicated the gap was continuing on its widening trend and the deficit between imports and exports remained high.

For the first half of the year, the cumulative total trade gap was \$1.6 billion, about 44 per cent higher than the first half of 1986, but just under 27 per cent higher than for the second half of 1986.

For June alone, the trade gap came to \$322m., with exports amounting to \$629.8m., and imports, which were reported by the bureau on Tuesday, amounting to \$952m. The June deficit was some 48 per cent higher than a year earlier. Exports were down on a monthly aver-

age basis in June by about 9.3 per cent.

Net exports amounted to \$629.8m. Taken on a quarterly and half-yearly basis, however, the export picture was brighter, especially in comparison with their end-of-1986 slump. In the January-June period, they totalled \$3.9b., a gain of some 16 per cent from year-earlier levels. And, in the second quarter, the bureau reported, the monthly average for exports was 16 per cent higher than in the January-March quarter and 25 per cent up on the October-December period.

The bureau said that in the April-June quarter, industrial exports rose by 15 per cent from the previous three months, mostly due to a 41 per cent jump in overseas sales of metal and electronics goods. Sales abroad of industrial goods, excluding polished diamonds, totalled some \$2.4b. in the first half, some 14 per cent higher than in the first six months of last year.

Exports of diamonds continued at

their high levels in the previous three months. The monthly average of polished diamonds sold abroad was \$8 per cent higher than in the first quarter of the year and a sharp 22.5 per cent higher than in the final quarter of 1986. Some \$1b. worth of polished diamonds were exported in the first half of 1987, although, in terms of Israel's trade, most of that value is lost to importing rough diamonds for polishing and re-export.

Despite the rapid rise in exports, they were unable to keep pace with increases in merchandise imports. In the first six months, \$5.5b. worth of goods were brought into Israel, 23 per cent more than in the same period last year.

Agricultural exports, not counting citrus, remained sluggish, with export levels about the same in the second quarter as in the first and just 3.5 per cent higher than a year earlier. Citrus sales, unadjusted for seasonal factors, during the September-1986-June 1987 season came to \$204m., a 20 per cent gain from last year's levels.

WORLD BUSINESS IN BRIEF

Saudis said to want \$20 a barrel oil

LONDON (Reuters). - Saudi Arabia, which long opposed letting Opec oil prices rise too quickly, is now ready to allow them to go up to \$20 a barrel from \$18, the official Kuwaiti news agency said yesterday.

But London oil analysts were sceptical, doubting that Saudi Arabia, the biggest producer in the Organization of Petroleum Exporting Countries, wanted to abandon its official policy of raising Opec's share of the world market, rather than prices.

A Saudi about-face would mark a major break in Opec policy, although the Kuwaiti agency's oil correspondent, quoting senior Gulf sources, said the trend to higher prices was backed widely.

The report sent the U.S. oil futures market up, as the contract for August delivery of crude oil rose seven cents to \$20.81 a barrel. Prices on the European spot-delivery market were unaffected, however.

SEVEN BRITISH AIRPORTS, due to be sold off to the public, were valued by the government yesterday at the equivalent of \$1.95 billion. The valuation came in the form of a fixed price of 245 pence per share for three quarters of the shares in BAA, formerly the British Airports Authority.

The shares, the first ever in a network of international airports, will begin trading on the London Stock Exchange on July 28.

The Transport Ministry said the remaining 25 per cent of the capital, representing some 125 million shares, would be sold at a tender, with a reserve price of 245 pence. This arrangement is designed in order to enable institutional investors to obtain a greater holding than if their applications were scaled down *pro rata* to accommodate over-subscriptions.

LEBANESE BROKERS were questioned by Justice Ministry investigators about a big slump in the value of the pound over the past week.

The currency, battered by Lebanon's economic crisis and political deadlock, steadied Tuesday after a record-breaking 20-pound fall against the dollar from Tuesday last week. Yesterday, the pound closed at 160.75 against the dollar, down one pound from the previous close at 159.75. It reached its record low on Monday with a close of 161.50.

Shi'ite Moslem militia leader Nabih Berril blamed the fall on what he called "an internal game" played by officials of La Societe Financiere du Liban, the chief foreign exchange broker between private banks. Acting in his capacity of minister of justice, he told reporters he had ordered an enquiry.

MIDLAND BANK one of Britain's four big commercial banks, said Tuesday it would take a charge equivalent to \$1.48 billion in the first half of 1987 to increase its provision against possible bad debts to 30 Third World countries.

The bank said it would increase its provision to \$1.92b. for the debt, which amounts to \$7.01b. The bank did not disclose what its provision specifically had been.

ANGER

(Continued from Page One)

ing on them, said Sharir. For, since he assumed the bill would fail, how could its sponsors later go against a Knesset ruling and ask the president to exercise his clemency?

The bill set a dangerous precedent for Knesset intervention on behalf of a small group. If it passed, where would that precedent lead, Sharir wanted to know.

The bill was not worthy of being on the statute book, and Sharir urged that MKs vote accordingly.

Hillel, in response to a request from 20 MKs, announced a roll-call vote.

There were hisses from the Labour and left-wing benches as Yosef Burg indicated his support for the bill. And the hisses mounted, with each vote in favour, reaching an amazed crescendo, as called towards the end of the Hebrew alphabet, Sharir added his voice to the bill's support, although the 69 to 40 defeat (with two abstentions) was by then clear.

Of 10 Likud ministers, Moshe Arens, David Levy, Yitzhak Moda'i, Moshe Nisim and Moshe Katsav were absent from the vote. Only Gideon Patt voted against the bill.

On the Likud benches, 10, including Dan Meridor, also voted against. Ronni Milo and Michael Reiser abstained.

Labour and the left were united in opposing the clemency bill, and the religious parties and the nationalist Tzohar party voted in favour.

That vote over, some MKs settled down to listen to three amendments to the law on the "Who's a Jew" issue.

Others rushed into the lobbies to hurl recriminations and wield the whip of persuasion in anticipation of the coming votes.

Little in the rhetoric of the National Religious Party's Avner Shai was new as he detailed the arguments for changing the Law of Return to say that a Jew was one either born of — and this is the point — converted according to Halacha.

The Shas approach to this perennial, thorny problem was more original: change the Mandate law to make it obligatory for those converted abroad to have their conversions confirmed by the Sephardi heads of the Ashkenazi and Sephardi communities here if they seek to be Israelis. David Magen (Likud) presented a bill championing the Chief Rabbi as the body that would determine who was or was not a Jew. But Magen had the Knesset in an uproar with an appeal to Arab

and Druse MKs that they not participate in the vote on what he said was a "purely Jewish" issue.

"The Knesset," Hillel reminded the House firmly when the shouting had died down, "was not concerned with Halacha, but with the law of the land. And in debating and voting on that law, all MKs played their part equally."

Anyone who believed that a particular issue should not be decided in a mixed forum should not bring the issue up in that forum, Hillel rebuked Magen.

The Citizens Rights Movement's Shulamit Aloni had no quarrel with the religious as such. But she wanted an amendment to the Law of Return that would relax the definition of who is a Jew.

But MKs were not listening, nor did they have much patience with the long legal arguments of Transport Minister Haim Corfu.

However, Absorption Minister Ya'acov Tsaur was listening, and he protested from the cabinet table that Corfu had spoken for the government, but had given a one-sided explanation that had consequences for his (Tsaur's) ministry.

"Keep your government quarrels inside the government," Hillel said sharply.

Unruly behaviour forced a recount of the first vote. But the result was a resounding 62 to 33 defeat, with two abstentions. The Shas bill fell by only four votes, 60 to 56. Following that, Magen's bill was defeated 63 to 51, with three abstentions on a show of hands. No vote was taken on Aloni's amendment.

Absent from all votes was the Likud's Eliahu Ben-Elissar, who for family reasons does not wish to take a public stand on religious issues.

Many Likud MKs were up in arms over the defections of Ehud Olmert and Dan Tichon — who voted against Shai's bill, but switched to support the Shas bill. They were also angry with Sara Doron, who voted against both bills, in line with her consistently secular approach, and Ariel Weinstein and Uriel Lynn, who abstained on the first bill, and supported the Shas measure.

Minister-without-Portfolio Yigael Hurvitz was absent when the Shas vote was called. As a new recruit to the Likud — whose central bodies have not yet endorsed the generous terms he won from them — he is also in trouble.

The Likud is expected to crack the whip over the weekend to ensure a better showing next week for another Shas move on Who's a Jew.

Fraud squad joins probe of Guinness

By DAVID HOROVITZ
LONDON. — The Fraud Squad of the Metropolitan Police has launched its own investigation into Guinness's takeover of the Distillers Group last year, it was announced yesterday.

The Fraud Squad is investigating the £25 million share-support fund paid out by Guinness PLC to advisers and supporters during the takeover battle, to determine whether Distillers shareholders were defrauded in accepting Guinness's offer.

The Fraud Squad probe will run alongside the Department of Trade's investigation into the takeover, which is now at the draft report stage.

Meanwhile, former trade secretary Leon Brittan has denied involvement in the share-support operation, admitting that he was paid by Guinness for "political advice," but claiming that this was only after the takeover was complete.

"I was consulted professionally as a member of the bar about matters which I am not at liberty to disclose," Brittan said, in answer to allegations made in the High Court on Monday by former Guinness director Thomas Ward.

Ward claimed that Brittan was hired by former Guinness chairman Ernest Saunders, without the authority of the full Guinness board.

Saunders has been remanded on bail until September 1, when he will face charges of attempting to pervert the course of justice and with destroying and falsifying documents.

Bruno and Berglas clash on bank policy

By PINHAS LANDAU
Post Finance Reporter

Bank of Israel Governor Michael Bruno and Bank Hapoalim Chairman Eitan Berglas clashed publicly yesterday in a new round of sparring over central bank intervention in the running of the main commercial banks.

Bruno was guest of honour at the annual convention of the Association of Banks, the umbrella organization of commercial, mortgage and investment banks in Israel.

Berglas' opening remarks on key issues in the banking agenda contradicted or rejected virtually every point contained in Bruno's prepared speech.

After suggesting that the degree of responsibility laid on the boards of directors of banks under recent Bank of Israel directives was probably "exaggerated," Berglas renewed the ongoing debate between the banks and the Bank of Israel regulators over whether 1986 saw a slowdown or reversal in the process of "streamlining."

This is the euphemism for the staff reductions and branch closures that the banks have been engaged in since the onset of the banking crisis in October 1983.

The fact that the banks' profitability was very low in the second half of 1986, while rebounding strongly in the first half of 1987, indicated that cost-cutting measures were not the primary factor responsible for changes in profit levels, Berglas argued. Outside factors, mainly determined by state agencies, were far more potent he said.

Berglas also attacked the proposal, now under discussion at the Bank of Israel, to remove all financial counselling from the banks. This would hurt the national savings level, he said, as well as waste the extensive investments in equipment and training the banks made last year to meet the requirements of earlier Bank of Israel regulations.

The Lavi fighter project came in for another round of ferocious criticism from the Governor, who is now using every public appearance as an opportunity to blast the Lavi out of the sky.

In the context of reviewing monetary policy, Bruno outlined the switch in the central bank's approach that de-emphasized the importance of the monetary loan and placed greater stress on open market operations. He also said, without going into detail, that the bank was in the process of developing a new and broader monetary target of "net local credit."

But his remarks concerning the banking industry were clear-cut, and could have brought little comfort to his audience. Although he applauded the efforts of some banks to increase the scope of competition in the system — singling out the recent

developments in the current account area — he immediately offset this by criticizing the banks for their failure to introduce similar competitive pricing form credit and loans that they advance. "We expect the banks to be as flexible in the interest they charge on free credit as they are regarding the interest they award on deposits," he said.



Michael Bruno (Brian Hendler)

Similarly, while he stressed that the central bank would prefer not to intervene in the rationalization and cost-cutting process within the banks, the governor pointedly rejected the claims of Berglas and others that the process had not slowed last year.

Citing the recently-published report of the Examiner of Banks Department, Bruno stuck closely to the Bank of Israel line that the commercial banks were no longer as actively engaged in cost-cutting as previously. The improvement in the banks' profits in 1987 to date were more thanks to government actions than to their own efforts, he said, adding that wage claims now being made in the banking sector were without justification.

The wage talks at Bank Leumi, which has traditionally been the industry leader, got under way this week.

Finally, moving onto the vexed problem of the bank share "arrangement," Bruno once again gave clear indications that he was in favour of granting the shares held by the public at least some voting rights. He said he did not believe that it is practical to resell the shares back to the public as soon as the government redeems them.

Implicit in his approach was support for the proposal of an interim period in which the government would be the owner of the bank shares but would create a mechanism that would prevent even a de facto nationalization of the Israeli banking system.

Both of these elements are opposed by the current owners of the banks.

Israel Money Markets

ISRAEL MONEY MARKETS

Shekel Deposits (annual rates)									
Bank	Deposit	Rate	7 days	14 days	30 days	60 days	90 days	120 days	180 days
Leumi (July 3)	Up to \$500	12.50	12.50	12.50	12.50	12.50	12.50	12.50	12.50
	\$500 - \$1,000	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50
	\$1,000 - \$5,000	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00
	\$5,000+	14.50	14.50	14.50	14.50	14.50	14.50	14.50	14.50
Hapoalim (June 18)	Up to \$500	12.50	12.50	12.50	12.50	12.50	12.50	12.50	12.50
	\$500 - \$1,000	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50
	\$1,000 - \$5,000	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00
	\$5,000+	14.50	14.50	14.50	14.50	14.50	14.50	14.50	14.50
Discount (July 2)	Up to \$500	12.50	12.50	12.50	12.50	12.50	12.50	12.50	12.50
	\$500 - \$1,000	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50
	\$1,000 - \$5,000	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00
	\$5,000+	14.50	14.50	14.50	14.50	14.50	14.50	14.50	14.50
Mitzi	Up to \$500	12.50	12.50	12.50	12.50	12.50	12.50	12.50	12.50
	\$500 - \$1,000	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50
	\$1,000 - \$5,000	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00
	\$5,000+	14.50	14.50	14.50	14.50	14.50	14.50	14.50	14.50
First Intl (July 2)	Up to \$500	12.50	12.50	12.50	12.50	12.50	12.50	12.50	12.50
	\$500 - \$1,000	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50
	\$1,000 - \$5,000	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00
	\$5,000+	14.50	14.50	14.50	14.50	14.50	14.50	14.50	14.50

Patah (foreign currency deposit rates, July 8)

Currency (min. deposit)	3 MONTHS	6 MONTHS	12 MONTHS
U.S. dollar (\$100,000)	8.25%	8.25%	8.25%
Pound sterling (£100,000)	7.50%	7.50%	7.50%
Deutsche Mark (DM 200,000)	6.25%	6.25%	6.25%
Swiss franc (SF 200,000)	2.75%	2.75%	2.75%
Yen (¥ 3 million)	2.75%	2.75%	2.75%

SOURCE: BANK LEUMI. Rates vary according to size of deposit.

Shekel Foreign Exchange Rates (July 8)

Currency basket	Rate	Rate	Rate	Rate
U.S. dollar	1.8580	1.8580	1.8580	1.8580
Deutsche Mark	0.0081	0.0081	0.0081	0.0081
Pound sterling	2.5832	2.5832	2.5832	2.5832
French franc	0.0008	0.0008	0.0008	0.0008
Japanese yen (¥100)	1.0224	1.0224	1.0224	1.0224
Dutch florin	0.0024	0.0024	0.0024	0.0024
Swiss franc	0.0008	0.0008	0.0008	0.0008
Scandinavian krona	0.0008	0.0008	0.0008	0.0008
Norwegian krona	0.0008	0.0008	0.0008	0.0008
Danish krone	0.0008	0.0008	0.0008	0.0008
Finnish mark	0.0008	0.0008	0.0008	0.0008
Canadian dollar	0.0008	0.0008	0.0008	0.0008
Australian dollar	0.0008	0.0008	0.0008	0.0008
S. African rand	0.0008	0.0008	0.0008	0.0008
Belgian franc (F10)	0.0008	0.0008	0.0008	0.0008
Austrian schilling (S10)	0.0008	0.0008	0.0008	0.0008
Italian lire (L1000)	0.0008	0.0008	0.0008	0.0008
Japanese yen (¥100)	0.0008	0.0008	0.0008	0.0008
Spanish peseta (P100)	0.0008	0.0008	0.0008	0.0008
Israeli shekel	1.0000	1.0000	1.0000	1.0000

Foreign Markets

EUROPEAN FINANCIAL MARKETS (July 8)

Precious Metals	Libor Rates
Gold	1 month 3 months 6 months 9 months 12 months
London	442.15 442.15 442.15 442.15 442.15
Paris	442.15 442.15 442.15 442.15 442.15
Zurich	442.15 442.15 442.15 442.15 442.15
Spot	442.15 442.15 442.15 442.15 442.15
Platinum	2,325 2,325 2,325 2,325 2,325

Foreign Currency Crossrates (London 15:30 GMT.)

Forward rates	Spot	3 months	6 months	12 months
Pound sterling	1.8580/81	80/85	150/151	270/280
Deutsche Mark	1.8402/03	154/148	280/285	505/505
Swiss franc	1.3300/00	130/125	240/235	520/520
Dutch florin	2.0725/25	53/58	100/105	420/410
French franc	6.1725/25	165/165	300/300	730/730
Japanese yen	110.12/12	110.12/12	110.12/12	110.12/12
Italian lire	1320.51/51	80/120	200/240	400/400
Belgian franc	36.12/17	83	136	30/10
Canadian dollar	1.3200/00	50/53	95/100	180/185
ECU	1.1250/50	6/6	12/12	30/30
S. African rand	0.4885/85	15/5	25/10	70/55
Austrian schilling	13.25/31	108	19/15	50/28
Norwegian krona	8.4000/00	280/285	550/550	1340/1340
Danish krone	8.7125/75	1250/1300	2370/2440	4475/4575
Swedish krona	8.6575/25	405/475	850/1050	1800/2000

Share indices: Commercial 80 stocks 1903.7-17.3 Financial Times 100 stocks 2352.9-12.8

NEW YORK FINANCIAL MARKETS (July 8)

U.S. Money Rates	Fed funds (late)	Long-term bond	Discount rate
Prime rate	8.25%	6 1/8%	5 1/8%
Broker loan	8.00%	10 1/8%	5 1/8%
NY Euro (3 months)	7 1/8%	10 1/8%	5 1/8%

New York Foreign Exchange

	DMK	SFR	STG	YEN	CAN
Latest	1.8403/13	1.5347/57	1.6180/90	150.38/45	1.3244/49
High	1.8471	1.5430	1.6210	150.85	1.3261
Low	1.8386	1.5290	1.6130	149.80	1.3215

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Good sense prevails

IT WAS a moderately good day in the Knesset yesterday. Three successive bills, which, if successful, would have undermined the country's democratic system and destroyed the unity of the worldwide Jewish People, were decisively foiled. In the circumstances, that was something to cheer.

It was not all unexpected. A bill designed to set free the seven still imprisoned members of the Jewish terrorist underground was known to be doomed to failure. It not only represented a crass, and precedent-setting, attempt to wrest from the president his power of granting clemency, but the terms in which it was couched were such as to turn off even a goodly number of Likud deputies. Under the bill, terrorists who did not even deign to express regret for their past criminal deeds were immediately to be released.

The need for such action by the Knesset was explained by the president's failure to take it, despite the fact that the prisoners, fine religious chaps all, had violated the law only out of concern for the security of the law. Speaking in the government's name, Justice Minister Avraham Shari pronounced the bill to be unfit to be inscribed in Israel's law books. The plenum agreed, by a vote of 69 to 40.

The second bill was the NRP's perennially unborn legislative baby, the Who's a Jew amendment to the Law of Return, the purpose of which is to ensure that only Orthodox and not Conservative or Reform converts would be admissible as immigrants in the Jewish state. The third was Shas's ingeniously revised version of Who's a Jew, an amendment to the Change of Religious Communities Ordinance, which, though dating back to British times, was supposed to go more easily down the Knesset's gullet.

Pre-voting calculations gave both these bills a modicum of chance. Particularly favoured was the second, since Shas had made its continued partnership with the Likud in the coalition, and in the government, conditional on the Likud's doing its level best to get the bill passed.

As it turned out, both anti-Reform-and-Conservative bills went hand in glove to defeat: Who's a Jew by 63-52, and the conversion bill by a still comfortable 60-56. Credit for the result goes in no small measure to the veteran Liberal MK and current chairman of the coalition executive, Sara Doron, who, disregarding the political advantage to her party, and braving its threats of dire punishment, refused to budge from her unvarying liberal stand on pluralism in Jewish life. Ms. Doron's steadfastness encouraged a number of waverers among her Liberal colleagues to vote like her.

Satisfaction with yesterday's results must, however, be tempered by a close look at the voting record, and at some of the oratory that preceded it.

Despite the fact that what purported to be the government's negative position on the amnesty bill was articulated by a Likud justice minister, only one Likud cabinet colleague, Gideon Patti, joined him in voting against it. Five of Mr. Shari's ministerial colleagues took the easy way of absenting themselves from the chamber, while three actually voted for the bill. One of the latter was the premier, Yitzhak Shamir.

Mr. Shamir later passed the word that, since the government had never examined the bill, he considered Mr. Shari's view of it to be strictly his own. Such a tawdry excuse for the support of a tawdry bill makes a mockery of cabinet rule under Mr. Shamir. But then any departure from norms of government and collective responsibility, no matter how grotesque, is no longer surprising in the case of the present government.

Arguably even more distressing was the fairly massive Likud vote in favour of the Who's a Jew amendment after hearing the "explanation" given by the NRP's Avner Shaki.

The law professor unleashed so brazen, though for him customary, a tirade against the Reform movement - an easier target than the Conservative - that it alone should have warranted the withdrawal of support for the legislation he was championing. The National-Religious deputy, who is yet to say a bad word for conversions by the most rabidly anti-Zionist, ultra-Orthodox rabbis in America, found fault with Reform for still not being sufficiently Zionist.

That was barely a day after Reform and the Conservatives won a full one third of the votes in the U.S. elections for the coming Zionist Congress.

Nevertheless, it is a fact that this latest challenge to the unity of the Jewish People, with Israel at its centre, has been beaten back. The Conservative and Reform versions of Judaism were not proclaimed heresies by Israel's parliament. And this, again, is reason for cheering - provided measures are promptly taken to meet the repetition of such challenges in the very near future.

DRUSE

(Continued from Page One)

for nationalistic motives, despite the flying of a Druse national flag at the encampment.

He said: "The fact that Beit Jann has lost 32 sons in defence of the state proves we are no less loyal than other citizens. We were simply fighting to get our land back."

But Nature Reserves Authority director-general Uri Baidats last night angrily condemned the agreement, describing it as "a black day for the nature reserves and for the law."

He continued: "This decision will lead to the destruction of the Mount Meron Nature Reserve and endanger conservation achievements all over the country. The NRA and ecologists will vigorously oppose it."

The instigators of the riot had been "awarded a prize for violence and criminality," Baidats added.

The special police team investigating Monday's violence were examining photos taken by police agents during the fighting in a bid to identify the main culprits.

They are believed to have decided to prosecute several local people but as of last night there had been no arrests.

Asher Wallfish adds: The Likud faction's Druse MK, Amal Nasser e-Din, has asked Deputy Defence Minister Michael Dekel to allocate land on the West Bank for a Druse settlement.

DELIGHT

(Continued from Page One)

The Zionist Congress election results represented "a pretty powerful statement against the kind of intolerance and extremism manifested by the people seeking to change the Law of Return," Vorspan said.

"I think we are still fighting an uphill battle. But this is indicative of powerful moods emerging within the Diaspora Jewish community."

Franklin Krutizer, president of the United Synagogue (Conservative) said: "The Knesset votes show that...the Knesset does not want to send an adverse signal to Diaspora Jewry. It shows the Knesset members can read the handwriting on the North American Jewish wall: that we will not tolerate second-class citizenship for Reform or Conservative Jews."

He added, "We are looking forward to the World Zionist Congress where we will have huge delegations of Conservative and Reform Jews. We are free thinkers and will be able to vote as we think best...for the totality of Judaism and without being hampered by Israeli political considerations."

Meanwhile, Bernstein, chairman of the board of the RZM said the Orthodox parties in Israel showed "sheer political stupidity in continually raising the Who's a Jew issue and going down in defeat time after time." Bernstein said the supporters of Who's a Jew should not bring it to a vote until they are sure they have a majority.

He said the results of the Zionist elections represented "the greatest fraud since the Great Train Robbery" noting, "actually we did very well in the elections but they stripped us of nearly half of our votes."

WE HAVE ALL become cynics. Whenever we complain about "the system," the response is a resigned: "What can you do?" The system seems immutable, and we all sound like Jewish Zen Buddhists. Well, cynics, there can be change.

I recently witnessed it happen in two organizations that seemed totally impervious to change: the World Zionist Organization and the Jewish Agency. And if it was possible there, it may even be possible to change the impossible political system of Israel.

At the recent Assembly and Board meetings of the Jewish Agency, three inconceivable things happened.

First, the lions lay down with the lambs. Depending on your religious tastes, you may choose which are the lions....The fact is that all three major religious movements, Orthodox, Conservative and Reform, signed what amounts to a non-aggression pact. They issued a joint statement calling for "a lessening of tension between Jew and Jew." They appealed to members of the WZO to avoid confrontation and foster "a spirit of greater understanding and mutual respect."

SECONDLY, the board of governors, consisting equally of WZO and fund-raising representatives, agreed, after years of jockeying and negotiations, to choose department heads by merit and qualifications. This weakens the party-key stranglehold on Agency portfolios. The details would look to the average reader like constitutional gobbledygook. Suffice it to say that once the WZO elects its Executive at the forthcoming Zionist Congress in December, the U.S. and Keren Hayesod leaderships will select which elected Zionist member has "the best qualifications" for each specific portfolio.

These portfolios are the Aliya, Rural Settlement, Hiyashvut and Youth Aliya departments. The chairmanship of the Agency and the Treasury have always been open to the "advice and consent" procedure. Now, the partners will be able to exercise much more

The Jewish Agency: starting to change

Avraham Avi-hai

influence. Their position is enhanced by the existence of the national unity government, which means that each of the two parties supposedly in power can now claim that its candidate is "government-backed." In other words, each cancels the other out, and the "better" person may indeed win.

Since all five executive roles or six, with Project Renewal, will be open to this process the parties will be forced to present their most capable people. Otherwise, they face the possible embarrassment of having their candidate rejected, or being assigned to a less important portfolio.

Some of the entrenched party-leaders accepted this grudgingly, but nonetheless accepted it, because they did not want to break the partnership between the WZO and the fund-raising organizations. Others welcomed it, because they felt the old system was no longer effective. Either way, introducing change and a new system tested the validity of the partnership, which emerged strengthened.

FINALLY, the Assembly, representing WZO and community leaders from all over the world, agreed, in seeming unanimity, to have a "new agenda" of Agency priorities prepared and presented to the Assembly in a year's time.

This was the first time in decades that the Agency has been presented with such a document. Formulated by a Zionist Executive member, it was supported by an outstanding

leader of the U.S. UJA-Federations contingent, Raymond Epstein, who has been chairman of the Agency's powerful Budget and Finance Committee for the past four years.

This duality in sponsorship reaffirmed on the one hand the "Zionist" thrust of the Agency's work, and on the other, the shared, "practical Zionism" of the leadership. This ideological community of purpose was emphasized by the warm reception given to the resolution by representatives of all elements making up the Agency's largest "parliamentary" body. Their unity was based on the shared belief that the Agency must respond to the changed needs of Israel and the Jewish people.

That point was further underlined when the overseas communities stressed the ideological factor and called for stopping support for institutions which do not recognize the State of Israel.

The wording of this resolution was a compromise between the various elements in the Assembly. This, too, testified to a greater awareness of the delicate fabric of the partnership, and speaks well of the deeper understanding of the complications of Jewish life in Israel by the variegated constituencies which make up the Assembly.

This maturity prevented an even sharper exchange between the Mizrahi and other Orthodox groups and the militants fighting allocations to ultra-Orthodox institutions,

which were the real target of the decision.

THE ZIONIST leadership must be given due credit for recognizing the urgent need to change its operations and structure. All three major groupings in the movements, Herut, Labour and Confederation (non-party), came up with variations of a plan to elect a small, streamlined executive and are earnestly trying to present a more attractive and pragmatic platform at the next Zionist Congress. More action, less budget, less politics - that is the way one leader summarized the evolving attitude.

This December will be the first test. A new Israeli Executive for the WZO and the Agency, and a new platform, may herald final recognition - long overdue - that the Zionist movement is catching up with the changes brought about by the existence of Israel and the realities in the Diaspora. A new, effective executive and a new agenda of priorities for the Jewish Agency may portend a totally new era for the Zionist and Israeli partnership with the communities.

As the June sessions ended, Max Fisher, who is the surviving architect of the reconstituted Jewish Agency, could deservedly say with pride, "The partnership came out stronger."

For this writer and those of his colleagues who seemed constantly to be battling against the current, the hopes of really achieving change appeared to justify this struggle over the past decade. Real political and financial considerations indicate that the hopes will begin to be realized.

The Zionist movement handed down to the state the unruly and distasteful political system with which we in Israel try to live. If this is beginning to change, maybe we can change things in the state as well. "Hope springs eternal...." And after all, the anthem of the state is *Hatikva*.

The writer is a political scientist who represents the non-political Confederation on the WZO and Jewish Agency Executives.

For the Arabs, the writing is back on the wall

Ron Kampeas

IN DAMASCUS, at Easter, 1840, a Capuchin friar, Thomas, and his servant, Ibrahim Amara, disappeared. The Jews of Damascus were duly blamed, and the massacres and tortures of the now notorious Damascus blood libel ensued.

Twenty years later, Moslems rioting against oppressive Christian rule tore a plaque commemorating Thomas's supposed murder off a church wall, perhaps because they regarded it as symbolic of the culture which oppressed them.

Today, nearly 150 years later, ex-Nazi Kurt Waldheim vigorously shakes the hands of each Arab ruler welcoming him as a "patriot." "What, in the Arab polity, has so severely regressed in 150 years? Why are men like King Hussein, so eager to portray himself as an honest peace broker, so willing to offend Jewish sensibilities by meeting with Waldheim? Syria, Libya, Iran and even Egypt have also extended Waldheim invitations.

Arabists are prone to describe

historic Islamic persecution of Jews and Christians as the "political" repression of minorities by a hegemonic majority, and to characterize modern Arab-Jew hatred as being of the same kind.

This is, to say the least, facile, as the language and imagery of recent Arab Jew-hatred is unmitigatedly racist. Irony of ironies, two Islamic governments have recently promoted the Damascus blood libel: the Syrians in a book published in 1985 by Defence Minister Mustapha Tlas; and the Saudis at a 1982 United Nations conference on Religious Tolerance!

Others, most notably Bernard Lewis, describe modern Arab anti-Semitism as the uncomfortable grafting of convenient European tools for hatred on to an Arab political-religious problem. The problem with this theory, as Waldheim's visit demonstrates, is that the Arabs are hardly uncomfortable with old-fashioned European blood lust. The fact that King Hussein

used his welcome for Waldheim to promote his international peace conference shows the illogical extent to which he has comfortably internalized his guest's Jewish problem.

Hussein evidently sees peace as pragmatically accommodating the Jewish evil even the Europeans were unable to wipe out.

Then there are those who claim that the European history of persecution of the Jews is too remote for the Arabs to comprehend. Yet Arabs have demonstrated genuine sympathy for the plight of peoples other than their own, for instance, in their solidarity with Third World, anti-colonial struggles. Furthermore, the religion of Islam, at its best, has upheld the freedom and equality of all men in God's eyes.

IN ANY CASE, the Arabs were not so distant from the European prob-

lem as some would have us believe. During World War II, this was evidenced in the activities of Haj Amin al-Husseini in Europe, the deportation of some Libyan Jews and the rounding up of Moroccan Jewry into labour camps. Had Rommel been able to hold North Africa, there is little doubt that its people would have complied with the German death machine in the same way as the conquered peoples of Europe.

The fact is that Jew-hatred is a sickness raging throughout the Arab world. This was brought home to me a few years ago when a Jordanian professor, prominent in Australian Arabist circles, asked me how Israel intended to deal with Arab hatred of Israel. I asked him if he meant Arab hatred of Israel's alleged actions, in which case a fair peace would automatically solve the problem. He corrected me, saying that he meant Arab hatred of the mere existence of Israel.

I was taken aback and did not

know how to respond because the problem seemed to be an Arab problem, not an Israeli one. Effectively, every society has such a "problem." It may well be true that most Israelis, on some gut level, agree with Meir Kahane. Yet in healthy societies, the hatred is repudiated on an intellectual level, by most of the educated citizenry.

This is not happening in the Arab world, as Waldheim's itinerant demonstrates. Politically, this threatens any hope of progress towards peace. On a human level, it threatens the well-being of the tens of thousands of Jews still living in Arab and Islamic lands.

The sickness of Jew-hatred is an Arab problem, not a Jewish problem. And it should be made clear to the Arabs that, if there is to be any progress towards peace, they must find a cure. For them, the writing, so to speak, is back on the wall.

The writer is research director for the World Union of Jewish Students.

NORTH

(Continued from Page One)

backed Shi'ite captors. Because of this incident, CIA chief William Casey instructed North to take suicide precautions before his first meetings with the Iranians in March 1986.

North described in detail a January 1986 meeting with Nir and Ghorbanifar in a hotel room in a European capital. North said he knew before the meeting, in discussions with Casey and others at the CIA, that "they believed that Ghorbanifar was an Israeli intelligence agent."

This assertion about Ghorbanifar was first made before the congressional panel by another Iranian, Albert Hakim, who was a business partner of U.S. Gen. Richard Secord, another key figure in the arms sales.

At the meeting with Ghorbanifar and Nir, North said he expressed reservations about how continuing TOW missile sales would result in meeting the three U.S. objectives of a more moderate Iran, stopping Iranian-backed Shi'ite terrorism, and immediately securing the release of U.S. hostages from Lebanon.

Israel was a banana and the U.S. was an orange in the code used to protect the secrecy of the Iran-Contra operation.

"Joshua and Samuel were also agreed on method I," said another entry in North's notebook at the height of the operation in January last year.

North identified Joshua as President Reagan, Samuel as Defence Secretary Caspar Weinberger.

"I told Ghorbanifar that I was not confident that we were going in the right direction," North recalled. "Mr. Ghorbanifar took me into the bathroom, and suggested several incentives to make that February transaction [the next scheduled arms sale] work. The attractive incentive for me was the one he made that the residuals [arms profits] would go to support the Nicaraguan resistance."

North continued: "He made it [the offer] point-blank and made it

by my understanding with full knowledge and acquiescence and support, if not the original idea, of the Israeli intelligence services, if not the Israeli government."

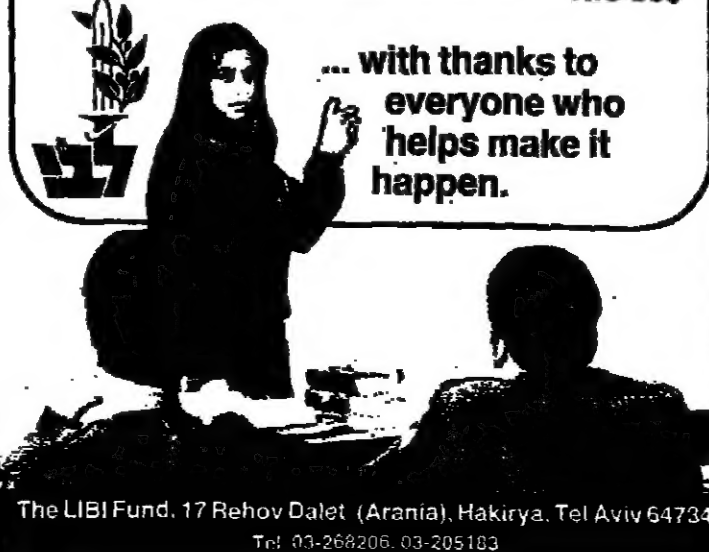
North said in the past he was not comfortable with the nature of arms sales, yet when he heard Ghorbanifar's suggestion, he told the congressional panel: "I must confess the idea of arms sales was made more palatable. I must confess to you that I thought the idea of using the Ayatollah's money to support the Nicaraguan resistance was the right idea. I still do."

North said he used this method in arms shipments to Iran in February, May, and October, and added that three Americans were released as a result of the ensuing shipments.

"Mr. Nir very clearly wanted to support other activities" with the money," North said. He added that he thought the material outlining the "other activities" was so sensitive that it should not be turned over to the congressional panel investigating the Iran-Contra affair, yet some of it was turned over. He said if material about the other activities were publicly disclosed, "these operations could affect the lives of Americans."

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READERS' LETTERS

WEST BANK WATER

To the Editor of The Jerusalem Post Sir, - I refer to your article of June 26, "New plan to have West Bank water pumped to Israel" and wish to point out the following facts:

In the period 1977 to 1984, Israel drilled 300 wells for Arab farmers versus 17 for Jewish settlements.

All 17 of these wells were drilled with special equipment into water-bearing strata never before tapped. In 1979/1980, 2.7 million cubic meters of water were pumped from Israel into the West Bank, as against 546,000 cubic meters pumped out of the West Bank.

In 1966, domestic water consumption stood at five cubic meters per person in the West Bank while in 1980, it rose to 20 cubic meters per person.

These facts show that Israel has had a very logical and beneficial policy about water rights in the West Bank. Judging by the fact that your article states that special deep-drilling technology is being brought in from the United States, I would tend to guess that the Arab wells in the area will not be affected.

HENRY NUSSBACHER
Ginot Shomron.

THE EBAN COMMITTEE

To the Editor of The Jerusalem Post Sir, - David Smiryn (Letters - June 29) repeats the falsehood that I "joined the Likud members (of the Knesset sub-committee) in putting the blame on Mr. Peres more than on anyone else."

I did not "join the Likud members" in anything. All the six voting members of the sub-committee, including all the Labour members, joined in the only reference to Mr. Peres in the report. This said only that all the decisions taken in the period after the exposure of Pollard were taken on the responsibility of three members of the government of which the prime minister, by virtue of his office, was the senior. My Labour colleagues made no deletion or amendment or rejection of this accurate formulation which stands as a unanimous and, therefore, bipartisan statement.

Two Labour members did add a sentence to a previous paragraph stating that the three members bore "parliamentary responsibility" for their action, but they left all references to Mr. Peres, Mr. Shamir and Mr. Rabin on page 26 of the report intact.

Similarly all six members of the committee endorsed the only reference in the report to Mr. Shamir.

It would have been absurd to "disperse" the sub-committee whose achievement was responsibly defined in the columns of this newspaper by a noted authority, as follows: "The attempted implementation of the principle of individual ministerial responsibility by the Eban committee...may appear in retrospect as a major turning-point in Israel's constitutional development" (Allan E. Shapiro, June 1).
Jerusalem. ABBA EBAN MK

סוף שבוע עם חתני

In This Weekend's Ha'aretz



Report from Moscow

Daniel Dagan was in Moscow this week for Ha'aretz

Jewish Agency Economics

Gideon Alon Investigates

Class Reunion

Yehuda Amichai's year by David Ehrlich

Yossi's Long Night

A Jewish girl soldier, an Arab friend/Ronit Matalon Industries with No Security/Ronit Priester

Arik Sharon before the High Court/Eyal Ehrlich

Poems on the Religious Parties' State • Ze'ev Shiff on the Lavi •

Mordechai Artziell on a six member kibbutz • Political Sources/Akiva Eldor • Party Corridors/Ulan Shabari • The American Connection/Zvi Barai • Week's TV/Hedda Boches